

Miyazawa Grasps at Ways to Save Job

Looks to Friends, Promising Help For U.S. Economy

By Steven R. Weisman

TOKYO — Shaken by scandals and new frictions with Washington, Prime Minister Kiichi Miyazawa on Friday opened a new session of parliament pledging to "make every effort to cooperate" with the United States to solve its economic problems.

"Japan-U.S. relations are the cornerstone of Japanese foreign policy," Mr. Miyazawa said. "It would be no exaggeration to say that Japan could not have achieved its postwar prosperity had it not been for the good-hearted support of the United States."

He also offered "profound apologies" for the fact that one of his closest aides had been arrested on what he called a "most regrettable" bribery charge, and said that he would push for political changes "so that politics does not languish because of such incidents."

Mr. Miyazawa's comments were a clear attempt to overcome not only the scandals but also a sagging economy, opposition to several of his legislative measures and, most of all, an image of disarray that threatens to bring his time in office to an early end.

But analysts predicted that the prime minister, after only three months in office, would have enormous difficulty enacting more than a minimum legislative program in the new session of the Diet, or parliament, which is to last five months.

Among the measures backed by Mr. Miyazawa but considered likely to pass soon are a bill to allow the dispatch of Japanese troops abroad to participate in United Nations peacekeeping forces and a set of bills to curb the flow of private money into politics.

Mr. Miyazawa's approval ratings in opinion polls are in the range of 40 to 50 percent, a respectable level that has been helped, in the view of some politicians, by sympathy for the way he comforted President George Bush and Barbara Bush earlier this month when Mr. Bush collapsed with the flu during a Tokyo dinner.

Many Japanese say the prime minister reflected a sense of caring about the United States, but others fear that if he handles his political problems badly and fails to win much of his legislative program, his popularity could plummet to about 20 percent. If that happens, some feel he could be ousted and replaced before partial parliamentary elections next summer.

"He has yet to make a clear-cut start," a senior party leader said. "It is still not too late, but he should clearly set out a program indicating what he will be doing."

The governing Liberal Democratic Party is concerned about elections in the upper house of the parliament in May or June. If the party loses many seats, Mr. Miyazawa could be forced out of office.

Another wild card is the new burst of anti-Japanese feeling in the United States, caused in part by the house speaker, Yoshiaki Sakuruchi, berating American workers as lazy and illiterate. Mr. Sakuruchi is a key ally of Mr. Miyazawa and the prime minister could suffer if he is seen as failing to respond to American anger on this subject.

Mr. Miyazawa sought to put a raging scandal behind him by apol-

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NOVI SAD REMEMBERS ITS DEAD — A Serbian volunteer soldier keeping watch with binoculars as he stood behind two Orthodox priests during ceremonies marking the 50th anniversary of a mass murder in Novi Sad, Yugoslavia. More than 1,300 Serbs, Jews and Gypsies were reported killed on Jan. 23, 1942.

U.S. Maps Shift To Save Billions On Buying Arms

Building Only Test Models Would Also Threaten Jobs

By Eric Schmitt

WASHINGTON — In a shift that could save billions of dollars in future military spending — but cut defense jobs — the Pentagon plans to suspend production of most new weapons after developing test models, according to senior Defense Department officials.

The production phase is by far the most expensive stage in buying new weapons, consuming 35 percent to 45 percent of the total cost, while the research, design and development of test models, or prototypes, usually represents 20 percent to 25 percent.

Congress will ultimately decide whether the new plan goes into effect through its control over the Pentagon budget. Opposition appears likely because lawmakers, while generally favoring cuts in military spending, do not like to slash weapons manufacturing that benefits their districts and states.

But if the Pentagon's proposal is approved, the move is likely to deal a severe blow to military contractors, who have already been forced to lay off thousands of workers in the aftermath of Pentagon budget cuts.

The new system means that the purchase of weapons already in production, including the B-2 bomber and the Seawolf submarine, would be curtailed or canceled, saving about \$50 billion that was expected to be spent over the next five years. It would mean \$6 billion to \$8 billion in savings in the \$291 billion Pentagon budget for fiscal year 1993, which Congress will start considering next month.

The administration is debating whether such savings should be applied toward a tax cut, to deficit reduction or to increased spending on domestic programs, or some combination, all of which would require congressional approval.

But the effect of the decision, first reported in the Los Angeles Times, could be much greater over the longer term because there would not be an automatic move from design to production of future generations of weapons still on the drawing board, or in the imagination of engineers.

"If this comes out as advertised, it would be a revolutionary change in the Pentagon acquisition system," said Gordon Adams, director of the Defense Budget Project, a research organization in Washington that has long advocated cutting Pentagon spending.

The Pentagon plan also appears intended to head off congressional efforts to cut deeper and faster into the Pentagon budget by showing that the administration is acting itself. Other Pentagon initiatives

The European allies welcome the planned cutbacks. Page 4. Washington weighs a plan to curb a nuclear-expert brain drain in the former Soviet Union. Page 4.

disclosed in recent days, including a plan to sharply reduce or eliminate long-range missiles with more than one warhead, were partly driven by the same consideration.

Suspending weapons production would have the added benefit of giving Defense Secretary Dick Cheney a broad rationale for curtailing or ending production of a number of new weapons that he had already hoped to jettison, including the M-1 tank, the Apache helicopter and the F-14 and F-15 fighter planes. Congress has resisted many of these cuts to protect defense industries in home districts.

Pentagon weapons-buyers have historically been driven to engineer and build advanced weaponry as fast as possible to counter parallel advances in the Soviet military. The end of the Cold War now gives weapons designers more warning to prepare for a new threat.

Under the Pentagon's plan, which has received tentative White House approval, the Defense Department would still contract with military companies to engineer and build weapons and equipment.

But instead of following the usual course of building a number of the new weapons after development and testing of the prototype, the Pentagon would suspend production until the weapon was needed and was affordable. Ideally, the

See ARMS, Page 4

Spent-Out U.S. Consumer: Big Engine That Can't

By Tom Redburn

Donald Trump was spotted a few months ago discount-shopping at K Mart.

Not many people are going to feel sorry for Mr. Trump, but for all his garish excesses, the once-a-billionaire, now practically bankrupt, real estate tycoon is an apt symbol for some profound economic changes occurring in the United States. The fortunes of the global economy will be altered as well. What has happened is clear: Americans, after a decade in which their debt-driven conspicuous consumption was key to world economic growth, have abruptly run out of gas.

Here's how Lester C. Thurow, one of the nation's leading liberal economists and dean of MIT's Sloan School of Management, puts it: "The era in which the U.S. acted as the preeminent economic locomotive for the rest of the world, and as the global financial manager, is over."

For the United States itself, that might not be such a bad

thing. But it certainly complicates the task facing top economic officials of the Group of Seven leading industrial nations, who will meet Saturday in New York to try to bolster world economic growth. Most analysts think they will find it all but impossible to measure up to the task.

"The G-7 can't rely simply on easy things like currency

changes any more," said Jeffrey Garten, an investment banker at Blackstone Group in New York and a former White House official.

"With no one source sufficient to jump-start the world economy, everybody is going to start pointing the finger at everybody else."

The tensions are not likely to disappear. "Everybody got so reliant on the U.S. economy as the engine of growth," said Robert A. Johnson, a currency manager at Bankers Trust Co. and former congressional banking expert.

"There will be lots of fits and starts over many years as Japan, Europe and the export-oriented Asian countries are forced to switch gears."

It is not just the comparatively mild 1990-91 recession that's to blame. During previous U.S. downturns, real spending by consumers rarely fell at all. But even though unemployment did not rise above 7 percent, last year's estimated 2-

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Rumors Undermine Dollar

Rumors that the Federal Reserve was preparing to intervene against the dollar swept jittery currency markets, pushing the U.S. currency down sharply on the eve of the Group of Seven meeting.

There has been persistent market speculation that the seven industrial powers will call for a higher yen or at least express satisfaction with currency levels, implicitly blessing the dollar's retreat of the last few days. (Page 10)

Kiosk

30-Year Terms in Salvador Killings

SAN SALVADOR (Reuters) — Two army officers convicted in the 1989 murders of six Jesuit priests were sentenced Friday to 30-year prison terms.

Sentences for Colonel Guillermo Alfredo Benavides and Lieutenant Yussely René Mendoza were pronounced hours after the legislature passed an amnesty law clearing the way for the investigation of any war crime committed by either side during 12 years of civil war.

Earlier article, Page 5.

Libya Denies Link to U.S. Goods

NICOSIA (Reuters) — Libya on Friday denied a link to a consignment of U.S.-made equipment with possible nuclear applications that was seized by Germany, and said the story was fabricated by Western intelligence agencies. Germany said Wednesday the consignment was intercepted at Frankfurt airport last month.

General News

De Klerk reassured whites that they would have a chance at a veto. Page 2.

Commonwealth members welcomed a Western aid package, with reservations. Page 4.

Art

Three major collections of antiquities are the subject of recent art books. Souren Melikian reports. Page 7.

Crossword

Weather. Page 4.

Business/Finance

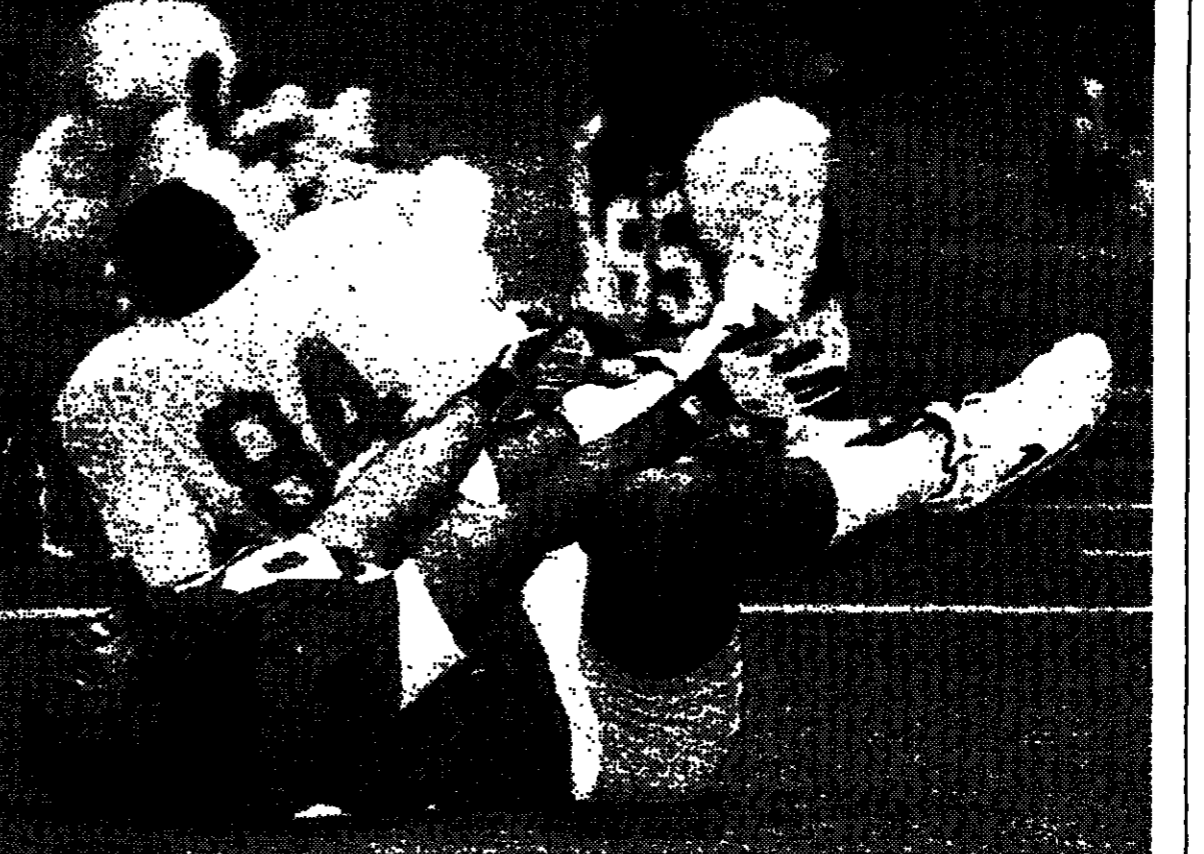
Poland has been forced to shut factories because of a shortage of natural gas. Page 9.

Money Report

Commodity speculation, new markets, a look into offshore Japan. Page 14-15.

Dow Close

Table with 2 columns: Dow Close, The Dollar. Values: DM 1.592, Pound 1.797, Yen 123.55, FF 5.4285.



SUPER BOWL (FINAL) STRETCH — The Buffalo Bills' Cornelius Bennett loosening up for the big game Sunday. Page 17.

Drug-Resistant Strains of Tuberculosis Are 'Out of Control,' U.S. Says

By Lawrence K. Altman

New York Times Service

ATLANTA — Particularly dangerous forms of tuberculosis have struck in 13 states, and the spread of the disease is out of control, according to federal health officials.

Strains of the bacterium that are resistant to the standard anti-tuberculosis drugs have caused deadly outbreaks in five states and at least one case each in

eight other states. The more common form of the infection that responds to drug treatment also is spreading rapidly in many states.

The data were presented this week at a two-day meeting of health officials and tuberculosis experts from the federal government and 46 states, summoned by the federal Centers for Disease Control to start devising a national strategy against the disease, especially its drug-resistant forms.

"At no time in recent history has tuberculosis been of such great concern as it is now, and legitimately so, because tuberculosis is out of control in this country," said Dr. Dixie Snider, the disease centers' top expert on tuberculosis.

While the experts said there was no cause to panic, Dr. William L. Roper, the head of the centers, called reports of the disease's spread "very sobering."

Participants at the meeting said they were ham-

pered by a lack of data on the number of people infected, factors that put people at highest risk and useful measures for infection control.

Federal health officials said the outbreaks chiefly involved people infected with HIV, the virus that causes AIDS, but they said it was not known exactly how many were infected or what proportion they

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A New School of Islam Puts Down Hopeful Roots in Old European Soil

By Alan Riding

New York Times Service

ST. LEGER-DE-FOUGERET, France — In a rambling chateau on a misty wooded hillside in deepest Burgundy, a dozen or so young men have enrolled in an ambitious experiment aimed at eliminating one of the principal causes of social tension in Europe today.

The premise is that they, and millions of other immigrants, are viewed with hostility and even fear mainly because they are Muslims. The proposed solution is to create a European form of Islam that can coexist comfortably with Western societies shaped by Christian traditions.

"We're of course working over a long period," said Zuhair Mahmood, the Iraqi-born director of a new religious studies center that opened this month 275 kilometers (170 miles) southeast of Paris. "But in 20 or 30 years I think Muslims will

be as accepted in Europe as Jews are today." For this to happen, though, he believes that Muslims must also accept Europe. To this end, the European Institute for Human Sciences plans to form a new generation of imams, or

Friday prayers took place peacefully in Algeria as security forces supervised. Page 2.

Muslim religious leaders, who were born in Europe, who speak its languages, who understand its customs.

The first 13 students — 11 Frenchmen and two Poles — have begun a four-year program that will include courses on Islam, comparative religions and Western civilization. Thirty-seven more are awaiting entry visas to France. Eventually, the institute should have 200 students, with 50 graduating each year.

"We want to integrate the Muslim community," said Ahmed ben Mansour, secretary general of the Union of Islamic Organizations in France, which is backing the experiment.

"Islam cannot afford to turn its back on the West."

That Muslims — Arabs in France, Turks in Germany, Pakistanis in Britain and so on — are already a permanent part of the European scene is beyond dispute.

Millions came in the 1960s and '70s to work. Many now have children and grandchildren born in Europe, and have no plans to return home.

But generally these immigrants and their offspring still live on the margins of society, doing jobs that local people turn down, crowded together in ghettos, occasionally victims of racial violence and widely distrusted because of the fear that Islamic fundamentalism has awakened

across Europe since the Iranian revolution. The fact that they feel excluded socially, though, has kept their faith alive.

"Many young Muslims who are born and educated in France feel rejected by France," Mr. Ben Mansour said. "This creates a crisis of identity in them so they turn to religion to find themselves."

It is this phenomenon that has given urgency to the formation of European imams.

"Until now, they have come from the Arab world," Mr. Mahmood said. "They know their religion, but they don't know Europe. They don't understand secular societies and the separation of church and state."

He added: "What we need is a modern and moderate Islam. Religiously, it won't have to sacrifice anything. That's the private side of Islam. But the social aspects must be adapted.

For example, the punishments mentioned in the Koran are not relevant. We can accept secularism, monoamy, women's rights. We must respect individual freedom."

While he could have pointed to the way both Christians and Jews have often adapted their religious practices to different environments, he noted that most Muslims in Europe belong to the larger Sunni sect, which is considered more flexible and less centralized than that of the Shiite ayatollahs who run Iran.

"There is no hierarchy in Islam," said Rachid Lahlou, another leader of the Union of Islamic Organizations in France. "In Islam, each person is responsible as an individual before God."

He added: "There are some aspects of our faith that no one can change. But other things can follow the development of society and humanity."

Mr. Yeltsin and Mr. Gaidar said the economic changes would be painful, with the president acknowledging that Russians will live through their most difficult times since repelling the Nazi invasion 50 years ago. But both said they saw no alternative, given the ruined state of the economy.

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To support that "shock therapy," the budget approved Friday

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Russia Sets Deep Cuts On Weapons

By Fred Hiatt

Washington Post Service

MOSCOW — The Russian parliament approved an austere budget Friday that slashes arms purchases to less than one-seventh of last year's level, according to Deputy Prime Minister Yegor Gaidar.

President Boris N. Yeltsin's budget for the first quarter of this year, approved by parliament with few changes after only one day of debate, appeared to decisively end an era of Soviet power during which the military-industrial complex routinely accounted for the lion's share of government spending.

Mr. Gaidar, Mr. Yeltsin's chief economic adviser, said the government would purchase little more than spare parts to keep some existing military equipment operating.

"We believe that in the nearest future the state will no longer have money for armaments," he said in a newspaper interview.

General Dmitri Volkogonov, an adviser to Mr. Yeltsin on military affairs, said: "Arms purchases will be cut dramatically. Many military enterprises will have to shut down, or will be using an insignificant part of their capacity."

The cuts in military spending are only part of what officials described as a draconian budget intended to destroy the former Soviet economic system.

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Arabs Accuse Israel Of 'Running Away' As 2d Session Ends

By John M. Goshko
Washington Post Service

WASHINGTON — The second round of bilateral Middle East talks ended Thursday with Arab negotiators charging Israel with "running away from peace."

On the other side, the Israelis went home to face a domestic political crisis that could cause the already deadlocked peace process to be put on indefinite hold.

There was not even agreement about when or where the talks will resume. The Palestinian, Jordanian, Syrian and Lebanese participants proposed that the next round be held here Feb. 10 to 23. The Israelis refused to be pinned to specific dates and reiterated their desire to move the talks to the Middle East or, failing that, to Western Europe.

Israeli negotiators, who want to get the talks out of Washington because they fear U.S. pressure to force them into concessions, said that decisions about the time and place of the next round will have to be made by Prime Minister Yitzhak Shamir's cabinet. But Mr. Shamir's coalition government is in danger of collapse because of threatened defections by rightist members opposed to the peace process.

If Mr. Shamir's government does fall, Israel probably will have to hold new national elections. In that event, Israeli sources said, they expect to keep the talks going. However, they added, an election almost certainly would mean months of marking time on the peace process because the attention of Israeli leaders would be focused on campaigning and the country would be under a caretaker government unable to make the tough decisions necessary for real progress in the peace talks.

This uncertainty about what happens next follows four days of negotiations this week that produced stormy oratory but little in the way of concrete accomplishment.

The only sign of progress came Monday when Israelis and Palestinians resolved a monthlong procedural dispute that previously had prevented them from even sitting down at the same bargaining table.

But once they did, they were unable to agree on an agenda for discussing the goal of self-rule for Palestinians in Israeli-occupied territories. Instead, they expended most of their energies in publicly blaming each other for the impasse.

Secretary of State James A. Baker 3d, who arranged the peace process during months of laborious shuttle diplomacy, met with all the delegations during the week. But to the surprise of the Middle Eastern participants, he made no attempt to take an active mediating role. Instead, the Bush administration made it clear Wednesday that it did not think the time was right for U.S. intervention.

"The issues to be negotiated are complex, and thus the negotiations are expected to be tough," said a State Department spokesman, Richard A. Boucher. "The key is to remain on course, and the only way to move forward is for the parties to engage in direct discussion of their differences. That is what they're now doing."

Other U.S. officials said the United States always has assumed that it will take many months for the talks to reach a point where real progress is possible. To get there, they added, it first is necessary for Israelis and Arabs to become accustomed to dealing with each other directly for the first time in 43 years and try to resolve their differences on their own.

The U.S. decision to stay in the background for the time being has been a disappointment to the Arab delegations. They believe that on the central question of the negotiations — whether Israel should surrender Arab lands captured during the 1967 Middle East War in exchange for peace with its neighbors — the United States would side with the Arab position of "land for peace."

That is why the Shamir government, ideologically committed to holding the territory it has occupied since 1967, was reluctant to hold the first two rounds of talks in Washington and wants to move future sessions elsewhere.

The Israelis have argued long and hard for conditions that will force the Arabs to realize that they cannot count on U.S. intervention until the final stages of negotiations, and some U.S. officials believe that if Mr. Baker tries to take on a mediating role at this stage, there could be a very hostile and counterproductive Israeli reaction.



Mohammed Boudiaf, Algeria's new head of state, arriving Thursday in Algiers.

Exile Returns to Lead Algeria

Former Revolutionary Spent 27 Years in Morocco

By Youssef M. Ibrahim
New York Times Service

ALGIERS — Mohammed Boudiaf, an exiled Algerian politician who has lived in Morocco for 27 years and who is little known to most Algerians, returned to Algeria on Thursday to head the five-man State Council that is to act as a collegial presidency.

The military-backed government that seized power after forcing the resignation of President Chadli Bendjedid appointed the council on Tuesday.

Mr. Boudiaf is a founding member of the Algerian revolutionary group that began the war of liberation against France in 1954. He was imprisoned for six years after his capture on a flight that was intercepted in October 1956 by the French Air Force, along with four other founders of the successful Algerian revolt that led to Algeria's independence in 1962.

In 1965, Mr. Boudiaf disagreed with the ruling National Liberation Front and, sentenced to death, fled the country to reside in Morocco where he has lived quietly.

Upon his arrival on an Air Algérie jet from Morocco on Thursday, Mr. Boudiaf, 74, said at the airport: "I salute the Algerian people, and I promise to do my best to serve them."

Mr. Boudiaf and the other four members of the State Council were whisked back to the presidential palace where they took the oath of office on national television.

Although Mr. Boudiaf was named head of the State Council, the power in the group is widely

believed here to be held by Major General Khaled Nezzar, the defense minister, whose military establishment is vehemently opposed to the democratization process that led Muslim fundamentalists to come close to taking legal control of the government through free elections. The elections were canceled last week after the coup.

The other three members of the Council are Ali Haroun, the government-appointed minister for human rights; Ali Kafi, the head of the war veterans' organization; and Dr. Tadjidine Haddad, a physician who is the rector of the Mosque of Paris that is controlled by the Algerian government.

The collective leadership character of the group was underlined by the fact that the five men took the oath of office standing next to each other, with Mr. Boudiaf behind a rostrum and the other four men next to him behind a rectangular table.

Prime minister Sid Ahmed Ghozali, considered to be the most powerful civilian in the new regime, attended the ceremony, as did most ministers of his cabinet.

The State Council is a new body that is not listed in the Algerian Constitution. It was said Thursday by the government to possess all the powers and privileges of the vacant presidency, which include the selection of the government and control over law enforcement bodies and the army.

Algerian political commentators as well as ordinary people who watched the ceremony commented on the highly conspicuous presence at the ceremony of the entire high command of the Algerian Army, Air Force and Navy, who were extensively filmed by the government-owned television.

Yeltsin Refuses to Back Off Price Policy

By Celestine Bohlen
New York Times Service

MOSCOW — President Boris N. Yeltsin of Russia, fresh from encounters with angry shoppers during a recent tour of the country, vowed Thursday to continue his painful economic changes despite vocal opposition.

He also promised to crack down on what he called "mafia-type structures" that are trying to drag his program off course.

In a report to the Russian parliament, Mr. Yeltsin praised Russians for their patience and faith as they adjust to prices that have tripled and more since Jan. 2. But he warned, "The reform is still not irreversible, and is easily interrupted."

As leaders of other republics that make up the newly formed Commonwealth of Independent States gathered Thursday evening for a meeting in Moscow, some complained that a lack of coordinated policy has endangered the changes, adopted reluctantly after the former Soviet Union at Russia's lead.

"Each republic has begun to act on its own and been putting up barriers in the way of traffic of goods and establishing various quotas and licenses," the president of Kazakhstan, Nursultay A. Nazarbayev, told the Interfax news agency at the start of a meeting that was to focus on military matters.

Mr. Yeltsin, who returned Wednesday night from a trip to St. Petersburg, complained that some local authorities were not enforcing new economic policies. He called for more vigorous police intervention and a crackdown on trading monopolies that have conspired to fix prices and control supplies.

The market is being set up in difficult conditions," he said, listing the economic crisis, the collapse of the Soviet Union, the resistance of "mafia-like structures" striving to keep their dominance in distribution, open sabotage and ideological opposition.

Nonetheless, he said, he concluded from his trips around the country that people still have faith in their government. A poll taken before his trip to St. Petersburg, and published Thursday in the newspaper Komsomolskaya Pravda, showed that 40 percent of those surveyed in the city supported Mr. Yeltsin's policies, while 34 percent said they did not totally agree.

He also was critical of the slow pace of privatization, and called for a full-scale program that by the end of 1992 would put more than 70 percent of shops, restaurants and "trade centers" in private hands.

Mr. Yeltsin's program of shock therapy has come under attack from former allies, notably his vice president, Alexander V. Rutskoi, and the chairman of the Russian parliament, Ruslan I. Khasbulatov. But several parliamentary deputies said Thursday that the criticism was not likely to force the government to back away from its course, or to resign, as Mr. Khasbulatov has called on it to do.

WORLD BRIEFS

Bonn Presses for Peacekeeper Role

BONN (AP) — Chancellor Helmut Kohl's government said Thursday that Germany, which has been exercising increasing diplomatic clout, must also be prepared to help fight for peace.

During a parliamentary debate, Defense Minister Gerhard Stoltenberg renewed the government's demands for a constitutional amendment that would allow German troops to take part when United Nations or European Community forces are employed in peacekeeping operations. It was one of the strongest appeals by Mr. Kohl's government for loosening the restraints placed on the armed forces when they were created in the 1950s. The opposition Social Democrats oppose such an amendment, and the party said Thursday that other nations might not find it proper. Walter Kolbow, a Social Democrat lawmaker, rejected "unstable-fleeting" that could only put at risk Germany's good reputation.

2 Polish Unions Protest Price Rises

WARSAW (AP) — Members of two major trade unions went on an hourlong strike Thursday to protest sharp increases in energy prices and demanding that the unions be consulted about the nation's economic restructuring.

The protests called by the formerly Communist-allied OPZZ labor federation and by a radical splinter group of the Solidarity union, Solidarity '80, follow a similar nationwide action by thousands of Solidarity members on Monday.

More than 2,000 union members demonstrated outside parliament Thursday. They demanded that the government of Prime Minister Jan Olszewski, in office three weeks, withdraw the new prices. But the cabinet has argued that the increases for electricity, hot-water heating and natural gas, ranging from 20 percent to 100 percent, are vital to balance the budget.

Court Curbs Maxwell Autopsy Photos

PARIS (Reuters) — A Paris court has ordered the magazine Paris Match to withdraw an issue featuring autopsy photos of the media magnate Robert Maxwell and allegations that he was beaten before his death, justice sources said Thursday.

The court, acting at the request of Mr. Maxwell's wife, Elisabeth, issued an interim injunction late Wednesday that also ordered the weekly to pay 100,000 francs (\$18,000) in provisional damages to Mrs. Maxwell. "The publishers of Paris Match went beyond the limits of the freedoms of speech," the court ruled. The court also ordered bailiffs to ensure that the offending issue, published last week, had disappeared from newsstands. Since Paris Match comes out on Thursdays, most of last week's issues would have been removed in any case.

U-2 Pilot's Body Is Found Off Korea

WASHINGTON (AP) — The body of the pilot of a U.S. Air Force U-2 reconnaissance plane lost at sea near the border separating North and South Korea was recovered Thursday by a South Korean Navy vessel, the Pentagon announced.

The pilot was identified as Captain James M. McGregor, 33, of Flagstaff, Arizona. The Pentagon spokesman, Pete Williams, reiterated that there was no evidence that the plane was shot down. He added that there was "some indication that there was some kind of engine malfunction."

Captain McGregor was from a California-based unit that had a detachment at Osan Air Base in South Korea, he said. The Korean ship also recovered a section of the U-2's fuselage, he added.

At Least 8 Die in Clashes in Zaire

ABIDJAN, Ivory Coast (AP) — Ethnic clashes between rival opposition groups have erupted in the southeastern Shaba region of Zaire, and at least eight persons have been killed, Zaire state television reported Thursday.

The television, monitored in Abidjan, said there had been tensions between the local population and natives of the Kasai region since Shaba delegates walked out of a national conference on democracy on Tuesday, asserting that Kasai was overrepresented. Security forces were dispatched Wednesday to reinforce troops in Funguruma, a town east of the Kolwezi mining center, the television said.

Shaba is a stronghold of Ngiza Kari-I-Bond, a former opposition leader who became prime minister to President Mobutu Sese Seko, Kasai is a base of support of the mainstream opposition leader Etienne Tshisekedi.

For the Record

A European Community drugs committee has recommended that Glifan, a painkiller made by Roussel Uclaf of France, should be withdrawn, an EC official said Thursday in Brussels. The drug, known generically as glafenine and manufactured by other companies as well, was found to have side effects that outweighed its benefits. The panel's opinion is not binding, but its recommendations are influential. (Reuters)

Two bomb explosions rocked the center of Londonderry, Northern Ireland, within minutes on Thursday, the police said, but no one was hurt. The bombs exploded at a tax office and an insurance company, and were planted by men who walked in carrying them in bags. (Reuters)

U.S. Calls For a New Iraq Leader

Compiled by Our Staff From Dispatches

WASHINGTON — The White House marked the first anniversary of the war against Iraq on Thursday by denouncing Saddam Hussein and his "pariah" regime, and again urged the Iraqi people and military to overthrow him.

Radio reports in Baghdad said huge demonstrations were held in cities across Iraq to mark the anniversary, portrayed there as an Iraqi triumph against "tyrannical aggression."

"We don't anticipate anything unilateral" by the United States to force Mr. Saddam out, said the White House spokesman, Marlin Fitzwater. He emphasized that all the U.S. actions last year were under the auspices of the United Nations. "The United States reiterates its pledge to the Iraqi people and the Iraqi military that we stand ready to work with a new regime, one willing to seek to lift UN sanctions and help restore Iraq to its rightful place in the family of nations," he added.

He said "moral and political persuasion" can be brought to bear on Iraq, but added, "we never rule out any action."

The spokesman said that Operation Desert Storm had also helped produce regional disarmament talks, strengthened the United Nations, led to the Middle East peace talks and brought the release of the U.S. hostages in Lebanon.

Saddam's Iraq is weak and isolated, unable to impose its extremist policies on the region or the peace process," he said. Baghdad radio said crowds chanting "Death to Iraq's Enemies" and "Yes to Saddam Hussein" had "urged the world's free nations and humanitarian organizations to punish the United States and its allies for their successive crimes against the brave people of Iraq."

Oscar Feud: Germans Rebuff Own Film

By Barry James
International Herald Tribune

A German movie with a painful wartime Jewish theme has failed to win backing for an Oscar from its own country, and its disappointed director says the reason is that it shows an aspect of their history that many Germans would prefer to forget.

The movie, "Europa, Europa," already has won a handful of lesser awards in the United States. However, an independent jury in Germany representing all sectors of the industry rejected it as the country's official entry for the Academy Awards.

The movie, known as "Hitlerjunge Salomon" in Germany, was one of six movies rejected by the panel.

Each country is allowed to nominate one movie each year under the rules of the Academy of Motion Picture Arts and Sciences. The selection in Germany is entrusted to the eight-man jury, which does not have to give any reasons for its decisions.

The director of "Europa, Europa," Agnieszka Holland, who was born in Poland and lives in Paris, said in an interview published in The New York Times that the movie touched on too many raw nerves.

"They hate this subject, they really hate it," she said. "I have many German friends, but I was really shocked at how the minds of the people changed after unification. The arrogance and xenophobia which was hidden is now official."

She added: "I cannot imagine making a movie in Germany. They felt guilty many, many years after the war, but it was official guilt. This time is over. This generation hates all those people who put them through the official guilt. What is left is arrogance and stupidity. My presence and my cinema is an offense to these people."

The film has been named best foreign movie of the year by New York and Boston film critics and by the National Board of Review in the United States.

It is based on the biography of Solomon Perel, a 65-year-old citizen of Israel, who survived World War II by hiding his Jewish identity in Poland, joining the German Army, invading Russia and finally going to an elite school for Hitler Youth.

The European representative of the Anti-Defamation League of B'nai B'rith, Robert B. Goldmann, based in New York, said that to see the movie's rejection to stir up old fears about the Germans served neither the truth nor Jewish interests.

Mr. Goldmann said the movie had taken a remarkable survival story, but had not found it remarkable enough for the screen. It was therefore "heavily adulterated" with imaginative detail, he said, and this tended to cast doubt on its merit as a work of art and of history.

Although Mr. Boudiaf was named head of the State Council, the power in the group is widely

believed here to be held by Major General Khaled Nezzar, the defense minister, whose military establishment is vehemently opposed to the democratization process that led Muslim fundamentalists to come close to taking legal control of the government through free elections. The elections were canceled last week after the coup.

The other three members of the Council are Ali Haroun, the government-appointed minister for human rights; Ali Kafi, the head of the war veterans' organization; and Dr. Tadjidine Haddad, a physician who is the rector of the Mosque of Paris that is controlled by the Algerian government.

The collective leadership character of the group was underlined by the fact that the five men took the oath of office standing next to each other, with Mr. Boudiaf behind a rostrum and the other four men next to him behind a rectangular table.

Prime minister Sid Ahmed Ghozali, considered to be the most powerful civilian in the new regime, attended the ceremony, as did most ministers of his cabinet.

The State Council is a new body that is not listed in the Algerian Constitution. It was said Thursday by the government to possess all the powers and privileges of the vacant presidency, which include the selection of the government and control over law enforcement bodies and the army.

Algerian political commentators as well as ordinary people who watched the ceremony commented on the highly conspicuous presence at the ceremony of the entire high command of the Algerian Army, Air Force and Navy, who were extensively filmed by the government-owned television.

Mr. Bütner acknowledged that the film has not done as well in Germany and had been attacked by some movie critics. He said Germans were not trying to forget their past, but that after reunification they had acquired the feeling that "the bad times are over."

"Many people have had too much of the subject," he said, referring to the movie's wartime theme.

The dispute over the movie coincided with a poll of 3,000 Germans published in Der Spiegel magazine, in which nearly one third said that Jewish people have "too much influence" and that they bear a share of the blame for the persecution and hatred of the Holocaust.

The distributor of the film in the United States, Orion Classics, has sent letters to members of the Motion Picture Academy, urging them to see the film and support it in other categories, such as best picture, best director, best screenplay, best production design and best musical score.

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But in an interview Thursday in the newspaper Moskowskoi Komsomlets, Mr. Khasbulatov, an economist, kept up his attacks against the government's policies, which he said were headed for bankruptcy.

"We are determined to prevent the governmental policy from becoming the basis of dictatorship," said Mr. Khasbulatov, warning that the Russian people, in their disappointment, might fall prey to a dictator.

In his own report to parliament, Yegor Gaidar, the Russian deputy prime minister and architect of the economic changes, said panic was "the most serious threat we face now."

While acknowledging the hardship posed by soaring prices, Mr. Gaidar said that the pricing policy had proceeded as well as could have been expected. Some goods have begun to appear in the stores and the first inflationary surge, which sent prices hurtling 200 to 300 percent higher, have begun to subside. For instance on certain dairy products and sausage.

Higher taxes, criticized now from all sides for discouraging the start-up of small businesses, is the only option available if the government is to close the budget gap, a prerequisite for controlling inflation, Mr. Gaidar said.

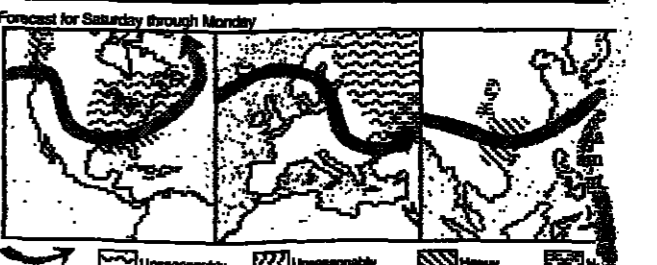
TRAVEL UPDATE

Scandinavian Airlines System is planning to cut some of its European fares and eliminate first class seats on long-distance flights, the Danish daily Berlingske Tidende reported Thursday in Copenhagen. (Reuters)

The Slovenian airline Adria resumed flights Thursday, a day after the European Community and about 20 other countries recognized Slovenia and Croatia, the news agency Tanjug said. Flights had been suspended since Oct. 25.

Tanzania's main airport in Dar es Salaam was closed Thursday because of a strike by employees demanding better working conditions. (Reuters)

The Weather



North America: Eastern North America will remain cool through Monday, with light snow fall from Chicago to New York City Saturday. Heavy snow showers from the Great Lakes, cold rain will fall on the Gulf coast. The weather will remain dry in California.

Europe: Western Europe will have mainly dry weather this weekend, but early morning rain will be mild from London to Paris. Eastern Europe will be chilly with showers of light rain, freezing drizzle and light snow. A bitter air mass will dominate France.

Asia: A snowstorm will hit northern Japan Saturday. A typhoon is expected to move from the Philippines to the coast of Japan Saturday. It will hit the city and coast in Seoul Friday. A typhoon is expected to move from Hong Kong to Taipei. A typhoon is expected to move from the Philippines to the coast of Japan Saturday.

Region	City	Today	Tomorrow
North America	Albany	15.50	16.00
	Anchorage	6.43	3.27
	Atlanta	15.82	16.00
	Boston	15.82	16.00
	Chicago	11.82	4.78
	Denver	3.27	3.27
	Detroit	6.43	3.27
	Los Angeles	15.82	16.00
	New York	15.82	16.00
	San Francisco	15.82	16.00
Europe	Amsterdam	15.82	16.00
	Berlin	15.82	16.00
	Brussels	15.82	16.00
	London	15.82	16.00
	Madrid	15.82	16.00
	Moscow	15.82	16.00
	Paris	15.82	16.00
	Rome	15.82	16.00
	Stockholm	15.82	16.00
	Warsaw	15.82	16.00
Asia	Algeria	15.82	16.00
	Bangkok	15.82	16.00
	Beijing	15.82	16.00
	Hong Kong	15.82	16.00
	London	15.82	16.00
	Manila	15.82	16.00
	Moscow	15.82	16.00
	New York	15.82	16.00
	San Francisco	15.82	16.00
	Singapore	15.82	16.00

Serbian Leaders Denounce the EC Recognition of Croatia

By Chuck Sudetic
New York Times Service

BELGRADE — Leaders of Serbia and the Serb-controlled rump Yugoslav government on Thursday denounced as illegal and dangerous the recognition of Slovenia and Croatia by the European Community countries, which effectively closed the book on Yugoslavia as it had existed since World War II.

"The presidency considers this an intentional breakup of Yugoslavia and stresses that it does not solve the Yugoslav crisis but only worsens it," said a statement by the Serb-controlled Yugoslav presidency condemning recognition as a violation of the UN Charter and other international accords.

"We don't have international law in Europe anymore," said Mihajlo Markovic, a leader of Serbia's ruling Socialist Party. "German might is now right in Europe."

"The European Community's decisions are neither democratic nor rational," he said. "Had it cared for democracy it would not have recognized unilateral secession, undertaken by force, without taking into account the interests of people whose rights have been endangered."

Serbs living in the crisis areas of Croatia to remain inside Croatia's borders without their consent.

"The recognition of Slovenia and Croatia is risky," he said. "It comes at a time when there is real promise that a UN peacekeeping force will be deployed."

"We have to believe that the European Community will not risk war as an alternative to peace and political negotiation," he said.

All 12 European Community countries agreed Wednesday to recognize Slovenia and Croatia, within their official borders, under a plan pushed through by Bonn last month. Both of the republics declared independence from Yugoslavia on June 25, sparking a brutal war that has claimed thousands of lives.

The EC countries have consistently emphasized that they will not recognize changes to Yugoslavia's internal borders made by

force, including the takeover of about a third of Croatia's territory by Serbs and the pro-Serbian Yugoslav Army. Croatian leaders insist they will not surrender any

Croatian territory to the Serbs, even those regions of Croatia with majority Serbian populations.

"The fact of the matter is that Croatia does not control and will not control these regions," Mr. Markovic said. "If Croatia still wants these areas, then that means a prolonged war."

access to battle zones, as well as to prisoner-of-war camps. The team investigated Yugoslav Army charges that Croatian forces had burned houses, raped Serbian women and looted property, but found that they "have seemed to be untrue."

Yugoslavia is a signatory to the Second Protocol of the Fourth Geneva Convention, which deals with "armed conflict not of an international character."

The observer team found the Yugoslav Army in flagrant violation of that protocol, which guarantees

the lives, safety and property of civilians caught in civil strife.

The team accused the army of "systematically depopulating certain regions of people of Croatian origin."

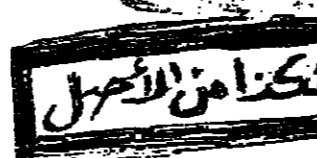
The Yugoslav Army has repeatedly denied human rights abuses, saying that its orders are to protect the lives of Serbs and Croats alike, ensure peace and respond only to armed provocation by Croatian forces.

But the report of the foreign observers, after detailed investigations in three regions of the Croatian war zone, reject the army's denials as "not acceptable."

ARMY: Atrocities and Rights Abuses Are Detailed

(Continued from page 1)

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Bush Trying to Hone Incumbency Into Campaign Weapon

By Andrew Rosenthal
New York Times Service

WASHINGTON — After apologizing for the state of the economy and assuring Americans that he cares, President George Bush has moved this week to a new phase of his re-election campaign in which he is trying to use the power of his incumbency to demonstrate that he is doing something about the nation's problems.

But underscoring the difficulties he faces in selling his policies to the country, the president is still struggling to gather members of his own party behind the economic growth package that he will present in the State of the Union Message on Tuesday.

Samuel K. Skinner, the White House chief of staff, met with about 50 House Republicans on Thursday in an effort to keep their disappointment with some proposals in the package from turning into open rebellion.

Republican congressional officials said many of the lawmakers, under pressure from their constituents, had told Mr. Skinner that they wanted a deeper cut in the tax rate on capital gains than Mr. Bush is expected to urge. Administration officials have said the president's proposal will mirror one he made last year, to cap the rate at about 20 percent, down from 28 percent.

There was some level of concern and anxiety that the president would not make the kind of speech and growth package that some of the members feel is essential, a Republican congressional official said Thursday.

During the week, Mr. Bush has made a series of announcements on preschool education, the envi-

ronment and other issues intended to show that he is coming to grips with domestic needs.

And while Mr. Skinner moves toward a reorganization of the White House staff intended to put it on a campaign footing, the Bush re-election team has made final its plans to promote the goals of the State of the Union after the speech.

But the sense of urgency in the White House and the Bush campaign to regain ground in the presiden-

NEWS ANALYSIS

tial race has been tempered by the underlying realities of this presidency: The politics of 1992 demand swift action, but Mr. Bush and his economic advisers believe that there are no quick solutions to the recession and are committed to staying within the spending limits imposed by the 1990 budget agreement with Congress.

On Thursday, Mr. Bush himself seemed to acknowledge the tensions between the needs of his campaign and the demands of the presidency.

"You're going to hear all kinds of proposals out

there promoting a lot of gimmicks," he told the National Association of Wholesalers-Distributors. "Given the fact this country is hurting, people are hurting, you're going to see a lot of quick fixes that will supposedly turn the economy around. I don't believe we need them. I think we've got to set common sense goals."

Still, Mr. Bush's hectic schedule this week seemed to address his political problems as well as the imperatives of governing.

He has clearly been using the presidency as a campaign weapon, arguing that he is trying to govern while the Democrats are electioneering. He has said that his State of the Union Message and his budget proposal, both clearly political documents, are "presidential" and "transcend politics," and that Congress should rise above partisanship to consider them.

These statements are part of a central strategy of his campaign. If Mr. Bush's economic growth proposals do not pass in Congress, the Republicans want to be able to make the case that it is the fault of the Democrats who control Capitol Hill.

Cabinet Gets the Word to Tout Speech

Los Angeles Times Service

WASHINGTON — An increasingly worried White House has appealed to every cabinet agency to whip up public support for next week's State of the Union address in a new effort to help pull President George Bush from his political malaise.

At a meeting Thursday, the White House chief of staff, Samuel K. Skinner, called on government officials to help create the maximum impact for the

address, which Mr. Bush's chief speech writer has called "the biggest speech of the next five years."

The strategy reflects the mounting sense of urgency in a White House that needs to end the president's political slide as Mr. Bush prepares to formally declare his candidacy next month. For more than two months, Mr. Bush has touted the speech as the answer to economic ills affecting the nation.

A Buy-America Binge? Some Workers in U.S. Get Cash Incentives

By Matthew L. Wald
New York Times Service

NEW YORK — Maybe it was President George Bush's mixed success in Japan, or the Japanese official who said that American auto workers were lazy and illiterate. Maybe it is the deep slump in Detroit.

But all of a sudden, companies around the United States are saying it would be good for America to be good to GM, and they are offering inducements to their employees to buy from General Motors, Chrysler or Ford.

Some, groping to define just what constitutes an American car, are authorizing employees to buy autos made at the Honda plant in Marysville, Ohio, or Nissan's factory in Smyrna, Tennessee. Other companies have ruled out cars carrying American nameplates if they are manufactured in Canada or Japan.

The incentives to buy American come amid a continuing slump, with automakers reporting Thursday that sales of cars and light trucks built in the United States fell 1.9 percent in mid-January.

On Thursday, Monsanto Chemical Company offered its 12,000 employees \$1,000 each to buy an American car. Earlier this week, Tesco Corp., an oil refining company based in Stamford, Connecticut, made the same offer, with half the money coming from an executive compensation fund.

Thomas D. O'Malley, the chairman of Tesco, who now drives a Mercedes, said he came up with the idea after he told his children that he was thinking of buying a Ford. His son, who owns a Mazda, told his father to look at imports.

"I got mad," Mr. O'Malley said. Young adults, he said, have "been in the syndrome that America makes junk."

Besides, he said, if his program induces his employees to buy American, that will keep auto workers employed, and they can buy his gasoline. His program covers only those cars with at least 90 percent American content.

Some of the buy-American programs are tinged with anti-Japanese sentiment. Even though other countries send cars to the United States, only Japan seems to be viewed as a threat.

Companies offering incentives are ambivalent about American branches of Japanese companies. James H. Gill, a Detroit-based spokesman for Nissan, pointed out that his company and Ford would soon start producing a compact van at a factory near Cleveland.

The vans will come off the same assembly line and be produced by the same workers, he said, but some will be labeled Nissan Quest while others will receive the Ford Villager nameplate.

Under some of the new corporate incentive programs, the Villagers would qualify and the Quests would not, said Mr. Gill, who added that Nissan employed more than 60,000 Americans.

At the company that says it started the subsidy movement, Brown Paper Company of Greenwich, Connecticut, Douglas G. Brown, the owner, specified that the car must come from a plant that was at least half-owned by General Motors, Ford or Chrysler.

Mr. Brown, who has been driving an Audi for 10 years, is offering each of his 45 employees \$1,000 to put themselves behind the wheel of a new American car. He is shopping for a new car himself, and is leaning toward a Cadillac.

"Some cars out there are certainly worth a look," he said, "but the attitude of the average American is, 'I'm not going to look at an American car.' Simply getting Americans into the showroom will be a good start, he said.

At Monsanto, based in St. Louis, the president, Robert G. Potter, announced "Project Get Rolling" on Thursday. The program covers any vehicle built in North America.

"We're a major supplier of plastics, rubber chemicals, resins, fibers and other performance products to the North American auto industry," he said. "So it's in our interest that the auto industry be healthy."

The subsidies do not sit well with some people, including Gregory Dana, a spokesman for the Association of International Auto Manufacturers, a Washington group that represents all the major importers except Mercedes.

"The capitalist society we live in says to allow consumer choice, and we think that's the way it ought to work," he said. "It seems to me, if American cars aren't selling, there's a reason."

More than half of U.S. car owners say they will consider only American vehicles next time they visit dealers' showrooms, according to a newspaper survey. The Associated Press reported from Detroit.

In a nationwide telephone survey this week of 607 car owners, 4 percent said they would consider only imports the next time they buy, the Detroit Free Press said Thursday.

By comparison, 51 percent said they would only consider American cars, while 44 percent said they would consider both.

Clinton Dismisses New Report Of Adultery

By David Von Drehle and Howard Kurtz
Washington Post Service

WASHINGTON — Governor Bill Clinton of Arkansas has characterized as "not true" a supermarket tabloid report that quoted a state employee and part-time nightclub singer as saying they had an affair from 1977 to 1989.

Dogged by questions about his private life for the second time in two weeks, the Democratic presidential candidate said Thursday that on a number of occasions he had called the woman, Jennifer Flowers, who was paid an undisclosed sum for her interview with the Star tabloid.

But Mr. Clinton said he was responding to urgent messages that Ms. Flowers left at his office and was trying to reassure her about pressure from outsiders after her name surfaced in unsubstantiated reports that Mr. Clinton had had extramarital affairs.

"The story is not accurate," Mr. Clinton said in Claremont, New Hampshire. "The story is just not true."

Mr. Clinton also said he told his wife of each call and that she advised him to return Ms. Flowers's calls.

Mr. Clinton, 45, has said his marriage went through a troubled period but now is solid. In Atlanta, Mr. Clinton's wife, Hillary, assailed the publication of what she called "unsubstantiated allegations."

Reaction was mixed among politicians and analysts in both parties, with some saying the controversy would hurt Mr. Clinton's candidacy but others insisting that voters were tired of the press reporting unsubstantiated rumors.

Ms. Flowers, who met Mr. Clinton when she was a television reporter in 1977, was hired as a \$16,000 administrative assistant in the state government last June after a referral by a member of Mr. Clinton's staff.

The Star quoted Ms. Flowers as describing an on-again, off-again 12-year affair. It said Ms. Flowers had provided about 15 taped phone calls involving Mr. Clinton from 1990 until early this year. None of the tapes described by the paper acknowledges sexual activity.

On a tape said to have been made Sept. 23, the paper quoted Mr. Clinton as telling Ms. Flowers about the press: "If they ever hit you with it, just say no and go on. There's nothing they can do. I expected them to look into it and come interview you. But if everybody is on record denying it, no problem."

But Mr. Clinton said Thursday that he had told Ms. Flowers to "just tell the truth." When told that no such comment appears in the Star, he said: "Well, I'm sure they didn't put that in there."

The Star quoted Ms. Flowers as saying she decided to go public after Mr. Clinton dismissed as "boogus" and "trash" the Star's report last week about a two-year-old lawsuit filed by Larry Nichols, a dismissed Arkansas state employee. The suit, which offered no supporting evidence, named Ms. Flowers and several other women as having had affairs with Mr. Clinton.

Mr. Clinton, who according to polls is ahead in the Feb. 18 New Hampshire primary, seemed to take the uproar in stride.

"The lady had a lawyer that threatened to sue people who were saying the very thing that she's saying, just a year ago," he said. "Saying that they were libelous, they were defaming her character."

Mr. Clinton said Ms. Flowers had told him that people were offering her as much as \$50,000 to say she was the governor's lover and that the pressure was taking its toll on her.

Asked if continued allegations of a womanizing past might damage his candidacy, he said, "The irony of this is that my wife and I have been far more open and candid about this thing than anybody else."

AMERICAN TOPICS

How Kennedy Saw The Vietnam Conflict

The theme of the Oliver Stone film "J.F.K." is that President John F. Kennedy planned to withdraw from Vietnam and that to prevent this, the Central Intelligence Agency, the Pentagon, the Federal Bureau of Investigation and possibly people close to Vice President Lyndon B. Johnson conspired to assassinate him, writes Roger Hilsman in a letter to The New York Times.

"Most of this is palpable nonsense," Mr. Hilsman says, "but as Kennedy's assistant secretary of state for Far Eastern Affairs, the officer responsible for Vietnam, I can testify that the first point is essentially true and correct."

"On numerous occasions President Kennedy told me that he was determined not to let Vietnam become an American war. He agreed to have Americans serve as advisers, and he also authorized American pilots training Vietnamese to fly T-28s to do the actual flying — covertly — in bombing missions inside South Vietnam. But he refused every suggestion to send American combat forces."

Mr. Hilsman adds that after the Bay of Pigs fiasco in Cuba, Mr. Kennedy "held several people, including Richard Nixon, that since the American people do not want to use troops to remove a Communist regime only 90 miles away, how can I ask them to use troops to remove one 9,000 miles away?"

Mr. Hilsman says that Kennedy is often quoted as citing the so-



SCOUR OF THE PRAIRIE PUPS — A worker in Cortez, Colorado, using a vacuum to suck prairie dogs from holes on Water Board property. The animals are trucked away and set free.

called domino theory that if Vietnam fell to communism, so would the rest of Southeast Asia, but that the president said this only to defend his policy of sending economic and military aid to Vietnam.

Short Takes

Officials are confident that in another decade Cosa Nostra, the U.S. organized crime network, will be "a thing of the past." The Washington Post reports, Ronald Gidstock, who heads the organized crime task force in New York State, said, "If the pressure

is maintained, at the end of 10 years, the mob will be unrecognizable." Jules J. Bonavolonta, former chief of the Federal Bureau of Investigation's organized crime branch in New York, said, "Ten years ago, we were losing the war against organized crime. Five years ago, we were holding our own." Now, he said, "we're winning the war."

The College Entrance Examination Board says that 317 U.S. colleges and universities, of a total of 2,900, now offer majors in environmental science. "But the growth has not come without a

struggle," reports Holly Brough in the current issue of World Watch. "Because environmental studies does not fit the mold of a conventional academic discipline, it is

questioned — and sometimes dismissed — by the professional educational establishment," she writes. "Environmental studies is not the first interdisciplinary field to bang on the doors of academia, but it does demand a perhaps unprecedented stretching — and crossing — of disciplinary boundaries."

Calculators are being fitted onto the handles of shopping carts at a growing number of American supermarkets. The calculators will do more than give a running total of purchases. They also can help shoppers compare product values and calculate food contents, including calories, cholesterol, fat and salt. One chain said that 90 percent of shoppers said they used the calculators. The company said the survey found customers would drive extra miles to shop at stores that provided them.

A letter to The Washington Post from Donald J. Carbone: "Your mad headline writer has struck again with 'One Flu Over the State Dinner.' Too bad George Bush's intestinal virus didn't strike him in the Near East rather than the Far East. Then your punmaster could have written 'One Flu Over the Couscous Feast!'"

Arthur Higbee

Gain Seen on AIDS Vaccine

By Boyce Rensberger
Washington Post Service

WASHINGTON — Scientists working toward an AIDS vaccine have shown for the first time that it is possible to protect monkeys against the simian version of AIDS by using a new kind of vaccine made not with the whole virus itself but with a mere protein molecule copied from the virus.

Advances on monkey AIDS are significant because early experiments must be done on animals and the simian immunodeficiency virus, or SIV, a close relative of the human immunodeficiency virus, HIV, is the only one that causes an AIDS-like disease in monkeys.

Leading AIDS vaccine researchers were mixed in their reaction to the development, which was reported in Friday's issue of the journal Science.

One called it "reassuring" to learn that vaccines made from virus parts, or subunits, can work. Many researchers worry that a vaccine made from whole AIDS viruses, even if modified so as not to cause disease, might still prove dangerous.

Another scientist took a more pessimistic view, saying the experimental vaccine had been shown to work only under ideal laboratory conditions.

The vaccine has been tested only against the original strain used to

make it. The human AIDS virus comes in thousands of forms, and some experts fear that no single vaccine could protect against all.

The SIV vaccine was made using a relatively new strategy being tried for a variety of diseases. Conventional vaccines contain the microbe that causes the disease, either killed or weakened so that it cannot harm the host. The cells of the immune system "see" the protein molecules that cover the intruder's surface and make other molecules, called antibodies, that bind only to those proteins, a key step in destroying microbes that arrive later.

In the new vaccine strategy, researchers used recombinant DNA technology to snip out the SIV gene for making a surface protein called gp160. Then they spliced that gene into the genetic material of vaccinia viruses. This is the virus strain once used as smallpox vaccine.

In the SIV vaccine, the genetically altered vaccinia viruses obey the SIV gene, make the SIV protein and install it on their outer coats. Monkeys vaccinated with the altered viruses simultaneously devel-

oped antibodies against any microbe carrying smallpox proteins and the one SIV protein.

The researchers, led by Shiu-Lok Hu of Bristol-Myers Squibb Pharmaceutical Research Institute in Seattle, vaccinated four macaques with the modified vaccine. Sixty-two weeks later, the monkeys got a booster shot of isolated gp160 protein. Eight weeks later they got a second booster.

Four weeks after the second booster, researchers injected the monkeys with live SIV. Four unvaccinated monkeys also got SIV injections. Within weeks the control monkeys all became infected. None of the four that were vaccinated became infected. Even a year later, all four remained virus-free and healthy.

Swiss Foreign Population Up

The Associated Press
BERN — More foreigners than ever live in Switzerland, making up 17 percent of the population of 6.9 million as of the end of 1991. Swiss officials said.

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To Block Libya or Iran, U.S. Weighs Jobs for Soviet Scientists

By Doyle McManus
Los Angeles Times Service

WASHINGTON — The Bush administration is preparing an initiative to ensure full employment for an estimated 2,000 nuclear scientists in the former Soviet Union, including U.S.-financed jobs overseeing the destruction of Soviet atomic weapons and a multinational effort to provide jobs in civilian research institutes, officials say.

The plan, which is under discussion in a high-level interagency group, is intended to head off attempts by Libya, Iran or other countries that want to develop nuclear weapons to hire the scientists, the officials said.

Administration officials and members of Congress have become increasingly concerned in recent weeks about the prospect that key scientists in Russia and its neighbors, facing economic privation, might be wooed away by promises of big money — a problem one official dubbed "lose brains."

Robert M. Gates, the Central Intelligence Agency director, has repeatedly warned that the scientists could turn into "a potentially dangerous brain drain."

"We think perhaps a thousand to two thousand can actually design nuclear weapons or run a program to develop and produce biological weapons," Mr. Gates told a Senate committee.

Similar concerns have been voiced in Europe, and Foreign Minister Hans-Dietrich Genscher of Germany has proposed the establishment of a "foundation" to hire unemployed Soviet nuclear weapons experts.

The West could have a serious problem if even a few top-flight scientists move to hostile countries, he said.

The administration's proposed response "has not yet jelled completely," one official said Thursday. But the plan will be completed "sooner rather than later," another official said.

As foreseen, the plan includes using part of a \$400 million fund that Congress provided for dismantling the Soviet nuclear arsenal to employ scientists, officials said.

Another component is a multinational consortium that could create new research posts in both the former Soviet Union and the West for talented scientists, they said.

"We want to create opportunities for these scientists and technicians: projects in place, posts at universities in the West," a senior official said. "As long as they don't go to the Libyans and the Iraqis of the world. They really don't want a brain drain, but it means coming up with programs that would employ these people."

"If you put out a pot of money and told the scientific community to come up with something

useful for these people to do," he added, "there would be no shortage of ideas."

Undersecretary of State Reginald Bartholomew discussed the issue with officials in Russia and other former Soviet republics during a visit this past week, aides said, and was to report to other U.S. officials on his findings.

Several factors have complicated the search for a workable policy, officials said.

For one, the Russian government of President Boris N. Yeltsin has said that it intends to remain a nuclear power, although with a much smaller arsenal than before.

That means that at least some of Russia's leading nuclear scientists will continue to work for their Defense Ministry on weapons projects, a U.S. government analyst said. And the administration does not want to find itself inadvertently supporting nuclear research in Moscow that could help sustain a military effort.

A second problem could arise if the administration seeks to use the \$200 million fund to employ scientists who are not directly involved in dismantling the Soviet nuclear arsenal.

"The legislation has to do specifically with destroying weapons and activities related to that specifically," a congressional aide said. "It doesn't address the brain drain problem. We may have

problems if they try to stretch it to cover that," but an administration official said Thursday he was confident that financing could be found for the plan. And Representative Les Aspin, Democrat of Wisconsin and chairman of the House Armed Services Committee, said he was working on legislation that would address the problem.

A third problem, officials said, is a desire to avoid programs that would rob Russia and its neighbors of their best scientific talent at the very time the United States and other Western countries are trying to help them rebuild their economies.

Some aides — and some foreign officials such as Mr. Genscher — are promoting the idea of an international consortium that would connect Russia's research institutes to universities, research organizations and private companies in the West.

"We may have to think in terms of creating an international pool that will try to find new jobs, new responsibilities for these experts in the civilian sector so that they do not fall prey to the agents of power-hungry potentates," Mr. Genscher said.

But even with a program that combines job opportunities in the West with new financing for research at home, some scientists may still be wooed away by promises of big money in outlaw countries.

"You're not going to get them all," a senior official warned.

European Experts Hail Plans for U.S. Cutbacks As Timely and Sensible

By Joseph Fitchett
International Herald Tribune

PARIS — European officials familiar with the military cutbacks being considered by the Bush administration said Friday that the probable U.S. steps reflected military and political common sense and were unlikely to put sudden stresses on allied defense policies.

The proposed U.S. cutbacks — including drastic reductions in multiple-warhead missiles and a decision to develop some new weapons without going into full production — fit the allies' views of the likely evolution of Western military forces and defense industries.

An opinion reportedly under discussion in Washington could rock the foundations of the Western alliance: cancellation of the U.S. pro-

gram to manufacture the ballistic missiles carried by Trident 2 strategic submarines.

These sea-launched strategic missiles, which are armed with British-made nuclear warheads, are Britain's ultimate nuclear deterrent. Successive Conservative governments have defended the Trident, despite cost increases, London would have to react strongly to any change in the U.S. commitment now.

Because U.S. cancellation of the missile program would have devastating political impact on the U.S.-British special relationship, that step is unlikely even though the Trident-2 missiles have technical problems, the officials said.

While welcoming any U.S. move toward single-warhead missiles as a step toward greater international security, British and French officials said that their governments had no intention of abandoning their own increasing reliance on multiple warhead missiles. Both Britain and France are planning on this technology to enlarge their nuclear forces.

Cuts in the U.S. nuclear arsenal should help maintain the momentum toward nuclear disarmament in the former Soviet republics, without any need for Britain and France, Europe's two nuclear powers, to join the process, European officials said.

Even if Washington drastically reduces the number of its multiple warhead strategic missiles, the U.S. arsenal is likely to remain in excess of 5,000 warheads, Britain and France have modernization programs that might give them a combined total approaching 2,000 long-range warheads by the late 1990s.

Only Germany wants new formal agreements, specifically a ban on short-range nuclear forces. But other governments in the North Atlantic Treaty Organization, including France, believe that negotiations could complicate the outlook for early near-elimination of nuclear weapons in most of the former Soviet Union.

European governments, in cutting military budgets, already are doing what is now being suggested in Washington: not manufacturing some weapons in order to continue investing in the design of new weapons and in the industrial technology to make them.

That policy foreshadows the demise of some U.S. military contractors, but a severe shakeout in that sector is unavoidable, experts said. European defense industries may benefit as U.S. companies are forced to abandon their military activities.

"Everybody in the West is going to skeletal programs on some weapons to save the design teams in a shrinking market," a French industrialist said.

He cited the example of Safran, France's state-owned aircraft-engine maker, which supplies military jets to the air force.

After its last major military production contract, for the Mirage 2000, Safran developed — but did not produce — another engine that positioned the company to build the motor that it is now supplying for Rafale, the newest French fighter-bomber.

JAPAN: Prime Minister Vows to Cooperate With U.S.

(Continued from page 1)

with helping the company in resort development.

Former Prime Minister Toshiki Kaifu had made it a priority to enact new ceilings on corporate contributions, along with new government subsidies for elections. But these bills have foundered because they have been tied to a massive legislative restructuring program that has drawn widespread opposition.

Mr. Miyazawa has offered to separate the political "reform" measures from the restructuring — thus sparing the rural areas that would stand to lose representation — but this play will probably not revive the chances of the package, politicians say.

The prime minister also faces huge obstacles in enacting a bill

that would enable Japanese troops to participate in UN peacekeeping forces. Few now expect the bill to be brought to the floor in the new session.

Legislative aides to Mr. Miyazawa say his main hope for success lies in approval of a budget this year that would fulfill his pledge to revive the ailing Japanese economy and make it serve as a locomotive to pull the United States and other countries out of a slump.

Business Group Warning

Gaishi Hiraiwa, the head of Keidanren, Japan's most powerful federation of business groups, has warned the Liberal Democratic Party that if it fails to clean up politics it could lose power, Reuters reported from Tokyo.

Yoshio Sakuruchi's belittling remarks about American workers have touched off a furor.



Yoshio Sakuruchi's belittling remarks about American workers have touched off a furor.

ARMS: Pentagon Plan Calls for Weapons Policy Shift

(Continued from page 1)

This strategy means some contractors would not be around in a few years," said Phillip Garamita, a spokesman for Martin Marietta Corp., a leading military contractor. "Those fewer companies remaining will be stronger."

The idea of deferring production while preserving the U.S. technological edge over potential foes is not new. In the last 18 months, the Defense Budget Project, the Office of Technology Assessment and Representative Les Aspin, a Democrat of Wisconsin who heads the House Armed Services Committee, all have offered similar proposals.

In recent months, senior Pentagon officials have signaled a willingness to embrace the concept.

For Mr. Cheney, the strategy marks a significant policy change on two counts. In his first two years

as defense secretary, Mr. Cheney cautioned against cutting money for research and development, often praising the decisions his predecessors made a decade ago in explaining the military's strong performance in the Gulf War.

But in the past year, both Mr. Cheney and the chairman of the Joint Chiefs of Staff, General Colin L. Powell, have balked against cutting the military forces any deeper than the 25 percent reductions by 1995 that they first outlined two years ago. Instead, the two decided to make cuts in expensive weapons designed to fight a Cold War Soviet opponent.

With more breathing room now, Mr. Cheney is giving up production of modernized weapons to spare deeper cuts in the armed forces.

President George Bush has promised to ask Congress for an additional \$645 million in aid. If approved, that would bring the total U.S. aid contribution to more than \$5 billion.

South Korea pledged \$800 million and Thailand \$450 million in subsidized loans. Oman pledged \$200 million to help Azerbaijan develop its oil industry.

The European Community has promised a large aid package to prop up Russia's free-floating prices and to head off social unrest.

A spokesman for Ukraine, a major food producer within the Commonwealth, indicated food aid was not its top priority.

"We are very grateful for the

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Republics Welcome Aid Plan, With Reservations

Compiled by Our Staff From Dispatches
MOSCOW — Members of the Commonwealth of Independent States welcomed Friday a new aid package from the United States and other countries despite doubts about whether the right goods were being sent in the right way to deal with the crisis.

On the streets of Moscow, some people said the ultimate answer must be for Russians to help themselves.

"Of course we are grateful to the West for this help, but we should work ourselves," said German Novikov, 58, an engineer.

Alexander Zhitnikov, deputy head of Russia's Commission for

Coordinating Humanitarian Aid, was among those who questioned plans for a \$61 million U.S. airlift of food and medicine.

"Of course we need aid urgently and of course we are very thankful," he said. "But the main thing is to begin the process straight away and to use other means of transportation as much as possible."

Mr. Zhitnikov said an airlift would probably bring less than 10,000 tons of aid to each of the 31 regions of Russia where goods were in drastically short supply.

Earlier this month he had said the millions of tons of aid required could only arrive by rail or road.

"We need huge quantities of aid, we do not need 100 parcels sent by

air and accompanied by 60 people," he said. "Donors would do better to give us the money they spend on jet fuel and let us buy goods on world markets."

The U.S. airlift of emergency supplies, to start Feb. 10, was pledged at a two-day conference in Washington on coordinating help to the former Soviet republics. The conference ended Thursday.

The aid, to be carried by U.S. military planes, will be made up of food and medicine from Pentagon stocks that were surplus in the Gulf War.

The United States and other countries also promised new humanitarian aid and subsidized loans worth over \$2 billion.

U.S. aid," said Vladimir Chorny, head of the information department of the Ukrainian Foreign Ministry. "But at the same time, our greatest need is U.S. technology and U.S. expertise."

Some food previously donated by the West is already finding its way into Moscow homes. On Thursday, for instance, Western baby food was given to families — many of whom have been unable to find milk for days or weeks — and European beef was on sale.

Still, people are increasingly relying on bread and potatoes to fill their plates because other foodstuffs are either too expensive or unavailable.

(Reuters, AP)

European governments, in cutting military budgets, already are doing what is now being suggested in Washington: not manufacturing some weapons in order to continue investing in the design of new weapons and in the industrial technology to make them.

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RUSSIA: Budget Makes Deep Cuts in Arms Purchases

(Continued from page 1)

aims to slow the nation's runaway inflation by closing its gaping fiscal deficit. Mr. Gaidar told parliament that the first-quarter budget aims to reduce the deficit to 1 percent of the nation's gross national product, down from nearly 20 percent last year.

But in order to get the deficit under control, the government must provide far less than legislators wanted in social programs to protect Russians suffering from rising food prices. The budget also sharply cuts subsidies to agricultural and industrial producers, reducing them from 9 percent to 2.7 percent of GNP, Mr. Gaidar said.

One likely result is a dramatic swelling of unemployment in a country that for decades promised everyone a job, officials said.

Fyodor Propoykov, deputy labor minister, estimated that 7 million to 8 million people could be unemployed by the second part of the year, a rate of 10 percent to 12 percent.

Many politicians fear that the sharp cutbacks in spending for the military and for arms factories could produce a dangerously discontented class of idle officers and workers.

Alexander Tsalko, another Yeltsin military adviser, said in Oslo on Thursday that he believed the former Soviet Army of 3.9 million would be halved within two years. But he cautioned that demobilized soldiers could present a danger.

"We find that a soldier commanded by an officer is safer than one who is unemployed and with nowhere to live," he said.

As a result, all capital investment spending in the military account will go to housing for officers, many of whom now live in abysmal conditions.

The budget also allows 13.5 billion rubles to encourage conversion of arms factories to civil enterprises, officials said.

Mr. Gaidar reminded legislators

that Western debt relief and credits for grain purchases, granted last year, were dependent on Russia forging ahead with an economic program that satisfies the International Monetary Fund. Without such a program, including an auster budget, grain deliveries would stop by this spring, resulting in disaster for the nation's livestock, he said.

Legislators, who already have sharply attacked Mr. Gaidar and his program, expressed unhappiness at many aspects of the budget, but seemed unwilling to shoulder the political responsibility that would come with major amendments.

Georgian Military Enters Stronghold of Ousted Chief

(Associated Press)
MOSCOW — Soldiers loyal to Georgia's ruling Military Council on Friday entered the Black Sea port of Poti, one of the last strongholds of the deposed president Zviad G. Gamsakhurdia, Tass said.

It did not say if there were any resistance from troops loyal to the toppled president, or how deep into the city they had penetrated. But the Georgian military commander, Lieutenant General Levan Sharashidze, predicted that Mr. Gamsakhurdia's forces in Poti would

surrender, and that fighting would die out in all of Georgia in two to three days.

Earlier, Tass had quoted the prefect of Poti, Tengiz Baramidze, as saying that Mr. Gamsakhurdia's supporters had threatened to blow up the port in Poti if the city were attacked.

The new agency quoted General Sharashidze as saying a Tupolev-134 airplane had arrived in the west Georgian resort town of Sukhumi to take Mr. Gamsakhurdia out of the republic at a moment's notice.

French Caution on Implants

PARIS — The French Health Ministry said Friday that it was asking the country's surgeons to refrain from using superior breast implants pending a report on their safety.

TB: Disease 'Out of Control' in U.S.

(Continued from page 1)

represented in the total number of people with tuberculosis.

The latest outbreak was at a hospital in the borough of Queens in New York City, where the drug-resistant form was diagnosed in 15 cases; 11 were fatal. The hospital was the fourth in the city and the sixth in the state where multiple drug-resistant tuberculosis cases have been detected in recent months.

In this outbreak, federal health authorities said, 85 percent of the tuberculosis patients were also infected with the human immunodeficiency virus, or HIV.

But experts said the disease could be a threat to everyone, particularly health care workers or others in close contact with people with tuberculosis.

Tuberculosis is spread through droplets dispersed through the air by coughing. Close, prolonged contact is generally required to transmit an infection.

Many patients infected with drug-resistant strains can be cured, but the treatment must be given promptly and even then it does not always succeed. Experts do not know the overall mortality rate for drug-resistant tuberculosis.

Until 40 years ago, tuberculosis was a leading killer of Americans, particularly the poor. After improvement in housing and sanitation and the introduction of antibiotics, however, the incidence

All The Rage By Cathy Millhauser

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18 Indefinite future
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21 on-air name (for 1981)
22 Paul McCartney
23 Darning board
24 Sounding like "Sugar"
25 Aardvark, e.g.
26 Soprano Sings
27 pollster
28 Like an angry cleric
32 Hyattsville, Md.
34 1961 out of Brown
35 "Mashed" — "of the labor"
36 Warming process
37 Like an angry person
40 Teen-age's wow
42 3 out of Bernstein
43 Battery part
45 Paganini and Bart
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48 "Tommy" — this party
50 Over

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63 If there should be
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67 Author Segal
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69 Address in "King's Landing"
70 Singer Kiko
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72 Subject of a "Laurie song"
73 Red leader
74 Luvvies
75 Some blues
76 "Ahem" alternative
77 Flamets

4 Tourists Attacked in Niger

NIAMEY, Niger — Four European tourists were seriously injured when they were attacked in their vehicle by Tuareg rebels near Arlit, 1,200 kilometers north of Niamey.

Solution to Puzzle of Jan. 18-19

ACROSS

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DOWN

1 Couch potato's favorite show
2 Woody's name
3 Like Skelton's angry wife
4 Romberg's "Alone"
5 Violinist Milstein
6 Place for affairs?
7 Lima land
8 "Hud" it up with...
9 Helaine
10 Latin word
11 Dusa's necessary
12 Fuchsbees
13 Vestige
14 Scullid matters
15 Like an angry Ma
16 Rodius neighbor
17 Equipment
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Young, Elite and on the Rise China's Aged Leaders Entrust Offspring

By Lena H. Sun
Washington Post Service

BEIJING — Deng Xiaoping is a physicist by training, but if a complete resume were made public it would show that he also has helped woo Taiwanese business executives to invest on the mainland and has advised her father on politics.

Her father is Deng Xiaoping, the senior leader and the most powerful man in China.

In a country where politics has always been a family affair, the younger Deng's roles are nothing out of the ordinary. In fact, she is among a group of sons and daughters of revolutionaries that is showing a higher political profile as China moves into the 1990s.

Known as princelings or princesses because of their privileged backgrounds, this generation — late-30s to mid-40s — is well-educated and cosmopolitan. Its members have traveled abroad, often attended the same elite schools and in some cases have intermarried.

But, analysts said, many of them have a more pragmatic, less ideological view of the world than their parents as a result of being persecuted during the Cultural Revolution of 1966-1976 and becoming beneficiaries of the sweeping changes of the 1980s. If they rise to positions of power, they are likely to support economic and political change more readily than the current regime, the analysts said.

Nevertheless, because the privileges of the princelings come from their elite status within the Communist Party, they are likely to support continued dominance of the party and the current communist structure. "They must completely rely on the party structure," said a Chinese intellectual. "In politics, it would not be in their interest to have major changes."

Some members of this elite generation are expected to be promoted, perhaps to the party's Central Committee during a party congress late this year.

As in ancient China, when the fortunes of a family rose or fell depending on the position of the sovereign, many of these "sons and daughters of the revolution" were persecuted during the disastrous Cultural Revolution for the so-called crimes of their fathers.

One such example appears to be Chen Yuan, the banker son of China's leading conservative economist, Chen Yun, who is 86.

Chen Yuan, who has attended World Bank and International Monetary Fund meetings all over the world, is regarded as more of a moderate, according to foreigners who have met him. He has spoken of the need to develop China's capital markets and to experiment more with share-holding.

The father's views "color what we hear" in meetings with the younger Chen, said a Western business executive who has met him several times. "But we don't see any of that coming back at us."

Xi Jinping, 39, is credited with pushing many of the open-door policies in the southern cities of Xiamen and Fuzhou in Fujian Province. "Our path is a socialist one," he said, "but a lot needs to be perfected."

"We need continuous experimentation, continuous reform."

A long essay published earlier this month in a Hong Kong magazine purports to offer some additional insight into the political thinking of some of the more prominent members of the new generation. Reportedly written under the direction of the younger Chen and two others, the essay refers to a "third force," independent of the change-minded and conservative factions that are struggling for control of the party.

This faction holds that the party must avoid the old "revolutionary" methods of class struggle. China can never again launch another economic debate, like the Great Leap Forward of the 1950s, or another Cultural Revolution, it says.

Mr. Yamouchi insisted that that the company should not be criticized for making a takeover attempt because it was approached first by political leaders in the United States.

"This is entirely different from an acquisition of an American cor-



BRIDGING FENCES — A Haitian talking to fellow refugees in a neighboring camp at the U.S. naval base at Guantanamo Bay in Cuba. About 6,000 Haitians, who fled their country after the military coup in September, are living in makeshift camps on the base.

Rebuff on Rail Pact Infuriates Japanese

New York Times Service

TOKYO — Officials and businessmen here reacted with indignation and puzzlement Friday to reports that Los Angeles had canceled a contract for a Japanese company to provide it with railroad cars and that there was opposition in the United States to plans for Japanese interests to acquire the Seattle Mariners baseball team.

A spokesman for the Foreign Ministry, Masamichi Hanabusa, said that the latest efforts to block Japanese activity may be part of a wave of criticism or "Japan-bashing," but that this was a "temporary phenomenon" caused in part by the American recession.

Hiroshi Yamouchi, president of Nintendo Co., which has teamed up with a group of businessmen in Washington state to bid for the Mariners, said he might be forced to withdraw the bid if the public reaction was negative.

Mr. Yamouchi insisted that that the company should not be criticized for making a takeover attempt because it was approached first by political leaders in the United States.

"This is entirely different from an acquisition of an American cor-

poration by a Japanese corporation," said Hiroshi Yamouchi, president of Nintendo, a maker of video games that projects sales of more than \$4 billion this year.

"It is simply a response to the urgings of the senator and governor of Washington," Mr. Yamouchi said in Kyoto, his company headquarters. "A foundation was established, and upon request, I invested in that foundation."

The dispute over the bid for the Mariners was the last of a string of episodes in the last week that have emphasized what some say is grow-

ing American resentment of Japanese economic strength.

News reports have focused all week on American anger over a comment by a leader of the Japanese parliament that American workers are lazy and illiterate. There has also been considerable publicity over the rejection by Los Angeles of a previously awarded bid to a subsidiary of the Sumitomo Corp. for the construction of rail cars.

Japanese officials have been careful not to denounce the county of Los Angeles by name, but some warn that the cancellation of the contract could have damaging repercussions for the American drive to get construction contracts for U.S. companies in Japan.

"This new Japan-bashing is very unfortunate," said a senior economic policymaker. "Any backlash in Japan will make it more difficult to make progress in our own government procurement procedures."

He was referring to U.S.-Japan pacts in recent years permitting U.S. construction companies to bid on dozens of construction projects, many of them airports and other projects put up by local governments or authorities.

Under recent agreements, American companies were invited to bid on 14 projects in 1988 and 17 new projects last year. Six more are under review.

Japanese officials said they thought there was no legal redress for Japan to file suit over the cancellation of the rail contract.

— STEVEN R. WEISMAN

Deng Said to Reassure Hong Kong

United Press International

HONG KONG — Deng Xiaoping, China's senior leader, reportedly has renewed a pledge to allow Hong Kong to maintain its capitalist system for 50 years after Beijing's takeover in 1997, and doubled the period to 100 years.

The Hong Kong newspaper Economic Times, quoting an unidentified Chinese source, said Friday that Mr. Deng made his remarks came this week in Shenzhen, one of the capitalist special economic zones in southern China.

"I have said before that once Hong Kong returns to the motherland, the capitalist system will be maintained for 50 years," Mr. Deng reportedly said. "The way I see it now, that guarantee won't change for 100 years."

The earlier, 50-year guarantee was made in 1983 as part of the Chinese-British agreement for the return of Hong Kong to Chinese rule at the expiration of London's 99-year lease on the capitalist territory in 1997.

Mr. Deng, 87, has been visiting the special economic zones in adjoining Guangdong Province. The free-enterprise zones were set up in the 1980s as part of a modernization program emphasizing economic change.

The delegation that met the Americans in New York was headed by Kim Jong Sun, a senior Communist Party official who is considered close to the younger Kim.

The North Korean delegation told the Americans that Pyongyang will sign an agreement by the end of this month for inspection of North Korea's nuclear facilities by the International Atomic Energy Agency and will ratify and carry it out "as soon as possible," a U.S. official said.

U.S. participants quoted the North Koreans as saying that they

would soon proceed with bilateral inspections that were recently approved in principle between North and South Korea.

The nuclear issue was at the heart of the presentation of the U.S. team headed by Undersecretary of State Arnold L. Kanter, according to participants.

While the meeting was taking place in New York, the CIA director, Robert M. Gates, in testimony before the Senate Armed Services Committee, called the North Korean nuclear program "our greatest security concern in Northeast Asia."

North Korean Passes Foreign Policy Reins to Son

By Don Oberdorfer
Washington Post Service

WASHINGTON — Senior North Korean officials have told U.S. authorities that Kim Jong Il, the 49-year-old son of President Kim Il Sung, has assumed direction of his country's foreign policy.

At a nearly six-hour meeting in New York on Wednesday — the highest level meeting between U.S. and North Korean officials since the 1950-53 Korean War — North Korea also provided assurances that it would soon agree to practical arrangements for inspection of

its nuclear installations, according to U.S. participants.

Kim Jong Il, who has been associated by Western analysts with past instances of North Korean terrorism, is a mysterious figure who has rarely met foreigners. On a trip to Pyongyang last month, the senior Kim denied a request by visiting Representative Stephen J. Solarz, Democrat of New York, to meet Kim Jong Il. The reason given was that the younger Kim dealt with party affairs rather than international relations. A week later Kim Jong Il was named supreme commander of North Korean armed forces.

U.S. participants quoted the North Koreans as saying that they

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El Salvador Approves Rules for Amnesties

By Marjorie Miller
Los Angeles Times Service

SAN SALVADOR — The legisla-
ture in El Salvador approved an
amnesty law Friday that allows
guerrillas to return to civilian life
and gives an impartial commission
freedom to investigate any war
crime committed by either side
during 12 years of civil war.

But the law allows the legislature
to decree another amnesty for even
the most notorious human-rights
abusers after they have been investi-
gated by a panel called the Truth
Commission, which was estab-
lished under an agreement to end
fighting in the country.

The National Reconciliation Act
declares a general amnesty for all
but those people who have been
convicted by a civilian court — an
exception that prevents the imme-
diate release of the two army offi-
cers convicted of killing six Jesuit
priests in November 1989.

The law goes into effect on
Feb. 1, when a cease-fire begins
and rebel leaders may return to
legal political activity.

The amnesty also excludes those
whom the commission determines
have committed "serious acts of
violence since Jan. 1, 1980, whose
impact on society urgently requires
public knowledge of the truth."

Six months after the commission
has publicized its findings, how-
ever, the assembly must take fur-
ther measures that it deems con-
venient regarding such cases.

A commission made up of rebel
and government and political party
representatives worked out the law
in Mexico City hours before return-
ing to El Salvador.

The legislature passed it unani-
mously after an emotional debate
with prayers and words of homage
paid to those killed in the war.

The governing Nationalist Re-
publican Alliance had sought a
blanket amnesty that would have
immediately pardoned all war
criminals, including the officers
convicted in the 1989 killing of the
Jesuits, a maid and her daughter of
the Central American University.

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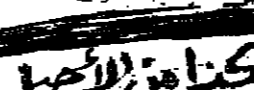
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Buried History, Looting and Cultural Ecology

International Herald Tribune

SINCE 1987, three impressive collections of antiquities covering the main areas of the ancient world, Far East included, have been revealed to the public and permanently displayed in museums set up for the purpose in Athens, Geneva and Washington. All three have produced splendid art books focusing attention on their little known treasures.

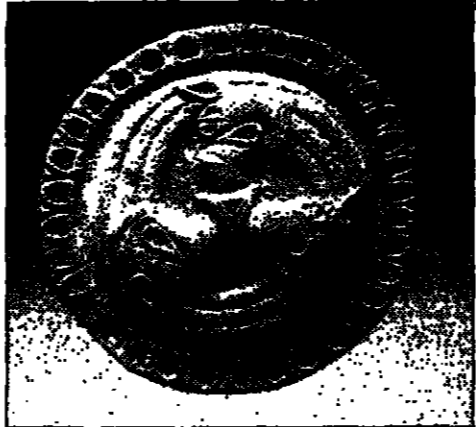
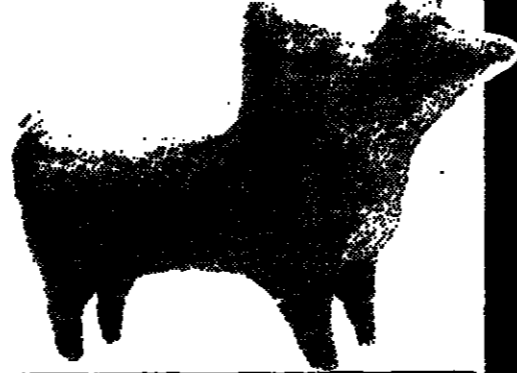
The latest, "The Cycladic Spirit" is written by Colin Renfrew and beautifully produced by Harry N. Abrams to coincide with the opening in December of the Museum of Cycladic Art in Athens, courtesy of the Nicholas P. Goulandris Foundation, whose collection it houses. Running through it, one wonders whether to revel in the discovery of so much that was un-

SOUREN MELIKIAN

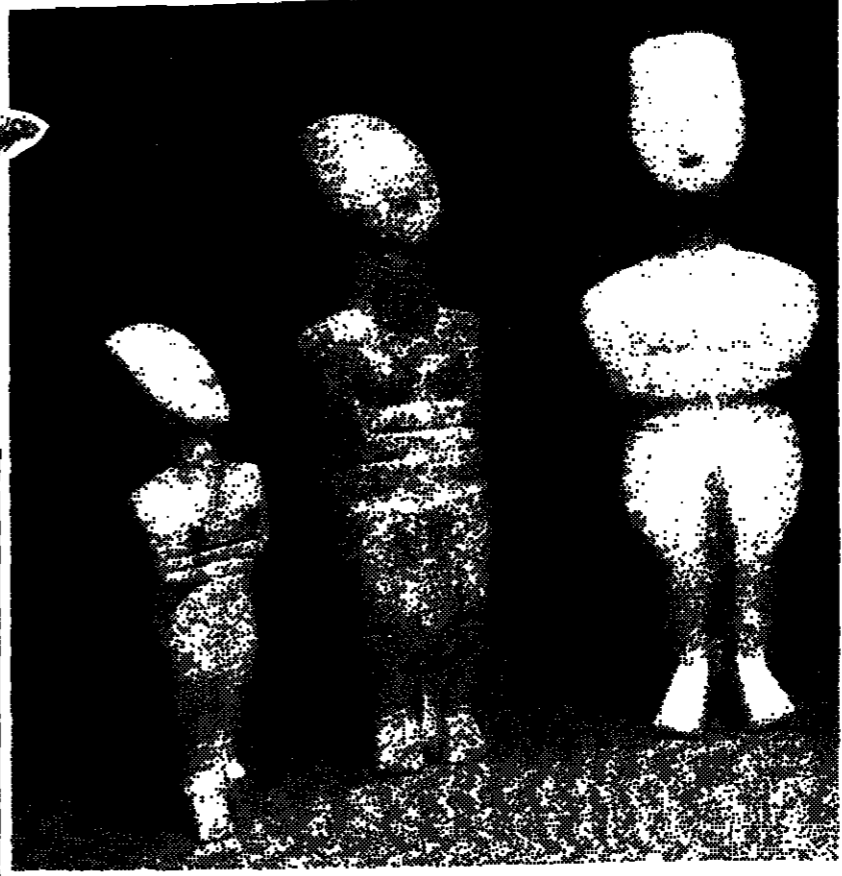
known or to despair at the level of destruction that will make our time appear to future generations as an era of savage, organized devastation. The problem is raised discreetly but clearly by the author, a distinguished British archaeologist who spent three decades studying Cycladic art. He is a friend of the collectors, the late Nicholas Goulandris and his wife, American-born Dolly Goulandris, who was the driving force behind the collecting, the museum project, and the book.

Discussing the cemeteries in which much of the art has turned up that is now believed to cover roughly a 500-year span from about 2800 B.C., Renfrew notes: "Alas, the cemeteries have been extensively looted. In the richest of the islands, Naxos, they [art plunderers] have discovered and destroyed entire cemeteries. On the small island of Keros, they discovered a site (now called Dhassello Kavos) in the 1950s, so rich that even the fragments they left behind constitute the most important known assemblage of early Cycladic finds known to archaeology. The damage is irreparable, the loss incalculable."

By implication, Renfrew touches on the old dilemma facing art lovers concerned with the culture, the "spirit," and not just driven by acquisitive instinct: to buy or not to buy? If you do, what are you doing? If you do not, what has come out may be out of sight for decades — to say nothing of mis-handling. What goes along with the plundering is an appalling loss of historical evidence. It is only recently that archaeologists have been able to establish that farmers and fishermen were active in the islands as early as 5000 B.C., thanks to radio carbon dating of



Earthenware bull vessel from northern Iran, top left, in the Arthur Sackler Collection; bronze roundel from Iran, lower left, in the Barbier-Mueller Museum. Early Cycladic figures in the Nicholas P. Goulandris collection.



charcoal and bone remains from the island of Salagos. In archaeological looting, these get thrown away.

In the book, object after object raises questions that might be answered, had they been found by scholars studying them in context. An extraordinary human head, superbly proportioned in its tiny size — it is 4 1/16 inches (10.3 centimeters) high — has the merest suggestion of a smile conveyed by the lips and the subtle modeling of the cheekbones. The head stands apart from the group it is classified with and actually belies one of its fundamental characteristics as defined by Renfrew himself, "a mouth indicated by an incision." What is it? who is he? for what purpose — a shrine? household worship? funerary ritual? — by whom, when, where, and above all, under what extraordinary inspiration was it made? There are no answers.

With the second museum and book, also published in 1991 by Abrams, "Ancient Art from the Barbier-Mueller Museum" in Geneva, written by Jean-Louis Zimmermann, the range of questions broadens dizzyingly. Jean-Paul Barbier and his wife are old Euro-

pean-type collectors, immensely cultivated, as interested in 16th-century French literature as in primitive art.

The antiquities published in the book show the wide span of their interests. They start with a small squat marble figure from the sixth millennium B.C. in Anatolia and end with such rarities as a bronze ibex (mountain goat) figure from Yemen, probably earlier than the A.D. 100-200 suggested in the caption, or a bronze plaque from the Caucasus of, perhaps, the second or third century.

Some masterpieces are striking for their sheer beauty, hitherto unknown. Such is an Egyptian wooden face of the fourth or fifth dynasty, carved some time between the 26th and 24th century B.C. Many more again raise the specter of destroyed archaeological hoard and wasted evidence.

Two of the most intriguing bronzes reputedly come from the western Iranian province of Luristan. For more than four decades, thousands of bronzes and pottery vessels poured out of that province into the Western art markets, leading to much fruitless speculation about this period and the culture

they represented. It was not until the 1960s, when L. Vanden Berghe, a Belgian archaeologist, started excavating several sites, that proper clues began to be available to unravel a long history spreading from the third millennium well into the first millennium B.C.

The elongate "bronze" — possibly copper — plaques, embossed with the figure of a leaping leopard snarling at an ibex head, belong to the last phase, when Luristan art had been overlaid by northern Iranian culture. It is one of the most beautiful examples of animal art from that area known to me. The destination of the object remains entirely mysterious and its precise dating is unclear — eighth, perhaps even sixth century B.C. Yet, this uncertainty is nothing compared with that surrounding the other "Luristan" piece, a striking human face made from embossed bronze sheet. Its style is unique. While no one familiar with early objects would think of questioning its authenticity, no serious art historian would venture to say for sure where it comes from nor when it was made.

The same remark applies to wonderful objects such as the circular bronze plaque with whirling animal heads, labeled "Scythian art of Iran," or to the stylized coiled feline (if it is feline) carved in low relief out of porous bone.

As for the rich and complex civilization which spread in the third millennium B.C. from present-day eastern Iran into present-day Afghanistan and yielded small serpentine human figures and admirably carved stone vessels, both represented in the book, we are still entirely at sea as to where and when it started. Its artifacts used to be labeled "Elamite" and were all believed to come from the Susa area. A new school of thinking tends to place its geographical center and perhaps its beginnings far to the East.

The third museum, which opened in 1987 but has yet to earn the fame that its collection deserves, is the Arthur M. Sackler Gallery, which came into being as part of the Smithsonian Institution. The late Arthur Sackler must have

had an extraordinary eye. His archaic Chinese bronzes, his jade pieces from the 10th century B.C. to the reign of Qianlong (1736-1795), reproduced in the inaugural album, "Asian Art," are among the greatest, which is one way of looking at them.

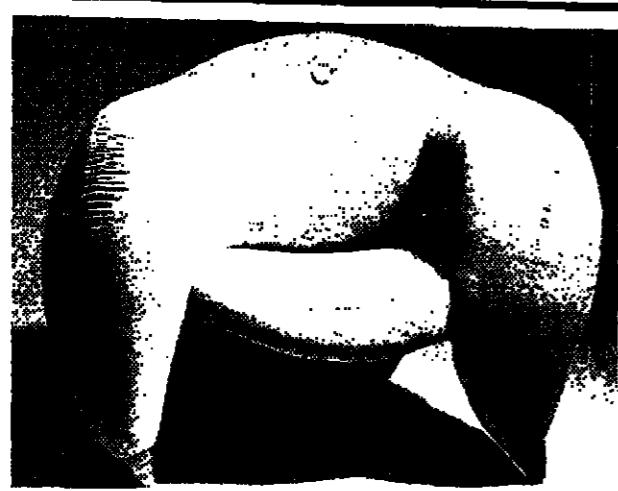
The other is to remember the fantastic destruction that went on in China until 1949, when clandestine digging was reduced to a trickle. In the three decades that followed, dozens of excavations yielded thousands of treasures and led to a drastic rewriting of Chinese history. Since the early 1980s, the looting has resumed, but proper excavation also goes on.

One wonders how much will be left by the time the Iranian world, whose past is rivaled for its richness only by China, if it all, reaches that stage. The Sackler collection shows among others some very fine earthenware vessels in the shape of a highly stylized bull, circa 1000 B.C. give or take two centuries, and beautiful curving silver vessels of the third to second century B.C. These were drinking horns and the earthenware bulls pouring vessels for wine libations in a ritual context, as I demonstrated on the basis of very explicit Persian sources at conferences in 1990 and 1991.

In the labels they still carry the Greek names, rhyton, plural rhyta, often used as fig leaves by scholars when not much is known. One of them was in the hands of an Iranian dealer when it was published a quarter of a century ago by Dorothy Shepherd, then curator at the Cleveland Museum of Art. The question mark following the country of provenance, Iran, is definitely not required. Nor is the one following the two other drinking horns, which look deceptively like those I saw in Paris after the collapse of the monarchy in 1979. The man who showed them said they had just arrived from Teheran.

If we only knew among which ruins they were found — apparently in the Caspian province of Mazandaran — and with traces of which vegetal and animal remains, we might learn a great deal.

It is high time for the havoc to stop. What is buried underground vastly exceeds the potential capacity of all museums worldwide. Private owners would be needed to hold much of what comes out, particularly if 90 percent of it did not get destroyed in the salvaging of sites. The problem is one of central and international agreements. Our global world is losing its cultural-historical ecology even more quickly than its rain forests.



Gavoille's "elegantly elephantine" Masai chair.

Comfort Makes A Comeback in French Design

Fair Shows Vitality of Paris Scene

By Jean Rafferty

PARIS — A high stool with legs as graceful as a gazelle's, an overstuffed armchair as plump as a well-fed baby elephant, a jeweled copper crown and candle lamp to light the way to Merli's cave: With eclectic collections that were elegantly ethnic, baroque and whimsical, ecologically correct, and bespeaking a comeback of the cabinetmaking craft, French designers at the recent international French Furniture and Lighting Fair in Paris provided an antidote to the recession gloom cloaking the industry.



Chafik's Gazelle stools for Univer Interiors.

In contrast to the masters in Milan, many of them now in their 60s and 70s, designers working here are in their 20s and 30s. The avant-garde action centered around the stand of VIA, the 11-year-old government- and industry-sponsored group that promotes innovation and has propelled the French from design oblivion to trend-setting. On the spacious walk-through VIA stand, a forest of tree trunks was interspersed with the new VIA-sponsored prototypes, heralding the material of the moment, back-to-nature wood.

One of the most striking examples was the design of VIA's Cartes Blanches, Martine Bedin. A French designer who works for Memphis in Milan as well as in Paris, Bedin presented a scalloped and curved-back sofa and chairs in hued walnut with splashy patterned fabric by Hermès that had the feel of old Vienna.

Another confirmed French talent, Martin Szekely, produced by Néout in France and Zeus in Italy and who has just signed with Jean-Claude Decaux to rethink Paris's famed Morris columns, used a luxurious Brazilian wood to contrast with the simplicity of his *nouveau rustique* table, chair and small shelf unit.

The good news is that one can again sit down in comfort and still be in fashion. The elegantly elephantine Masai chair in suedelike Akantara by Kristian Gavoille, who was the fair's designer of the year, represents the move to padded and overstuffed furniture. Gavoille, 35, who trained with Philippe Starck, also showed the sculpturally

ANOTHER diverting design was the leggy Gazelle stool by the 29-year-old Algerian designer Chafik, winner of this year's critics' grand prize for the ensemble of his work. The trend to ethnic elegance — Valérie Dementhon's Eskimo-inspired Inuit coffee table in solid maple made to look like a stretched animal hide for Artelano was another example — was pioneered by the gifted band of young Algerian-born designers, which also includes Yamo, Cherif and Abdil, all VIA protégés.

Chafik also showed an update of his ingenious Calibus, a reversible armchair, at Univer Interiors, along with the elongated Stork low table and the sleekly streamlined Mademoiselle meridienne, a cross between a divan and a chaise longue, inspired by the lines of a stretch limo.

At the lighting fair, Tebong came up with a winner, a glass mesh halogen lamp shaped like a stocking cap and called "The Phantom of Brittany," while the most captivating lamp on the VIA stand was Sylvia Corrette's Cartes Blanches, the copper crown and candle lamp that was pure baroque fantasy.

Diversity is the French trump card. "There is a lot of creative energy here," says Anne Shelton, an American whose Left Bank gallery sells art rugs, decorative objects and furniture. "I thought what was happening here was happening everywhere. But I didn't find it in Barcelona or Milan."

STARCK'S pronged horn and flame motifs have spread through furniture design like an epidemic, so it was good to see some new Starck originals in town at Edifice in a preview for their launch at this week's Cologne fair. At 43, the designer may be succumbing to comfort. The four brand new pieces were a Camaleon table of pearwood and frosted glass, a telescopic guerdon table with the spidery legs of his ubiquitous juice squeezer, a swooped-back Boomerang chair and a "picture gallery" pearwood folding screen with glass panels for photographs.

It is, he says, a new departure. "It's for people tired of having show-off furniture. People looking for contemporary furniture find things that are very demonstrative, endowed with a shameless creativity, objects whose only function is to give pleasure to the designer. This collection permits people to live with themselves, not for the furniture. Starck has become neo-human, even completely human," he laughs. "It's unbelievable."

Jean Rafferty is a Paris-based journalist who specializes in design and lifestyle.



Sylvia Corrette's lamp, above, and a chair by Gavoille and Bonetti.



AUCTION SALES

CHRISTIE'S

Domenikos Theotokopoulos, El Greco (1540-50 - 1614): El Espolio (The Dismembering of Christ), signed; oil on panel, 22 1/2 x 12 1/2 in. (56.2 x 31.8 cm). Detail.

To be included in the sale in London in May 1992.

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Friday's Closing

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NYSE
Last Stock Div Yk PE 100 High Low A/P O/I

Symbol	Price	Change	Volume	Open	High	Low	Close
IBM	115.25	+0.75	1,200,000	114.50	115.50	114.00	115.25
MSFT	45.00	+0.25	800,000	44.75	45.25	44.50	45.00
GE	35.00	+0.10	600,000	34.90	35.10	34.80	35.00
AMT	25.00	+0.15	400,000	24.85	25.15	24.70	25.00
DIS	20.00	+0.10	500,000	19.90	20.10	19.80	20.00
INTL	15.00	+0.05	300,000	14.95	15.05	14.90	15.00
WAL	10.00	+0.05	200,000	9.95	10.05	9.90	10.00
TRW	8.00	+0.05	150,000	7.95	8.05	7.90	8.00
BA	7.00	+0.05	100,000	6.95	7.05	6.90	7.00
GM	6.00	+0.05	100,000	5.95	6.05	5.90	6.00
AT&T	5.00	+0.05	100,000	4.95	5.05	4.90	5.00
SPY	4.00	+0.05	100,000	3.95	4.05	3.90	4.00
ESX	3.00	+0.05	100,000	2.95	3.05	2.90	3.00
DUK	2.00	+0.05	100,000	1.95	2.05	1.90	2.00
WDC	1.00	+0.05	100,000	0.95	1.05	0.90	1.00
GO	0.50	+0.05	100,000	0.45	0.55	0.40	0.50

Symbol	Price	Change	Volume	Open	High	Low	Close
AMZN	15.00	+0.25	1,000,000	14.75	15.25	14.50	15.00
ORCL	12.00	+0.15	800,000	11.85	12.15	11.70	12.00
CRM	10.00	+0.10	600,000	9.90	10.10	9.80	10.00
INTC	8.00	+0.05	500,000	7.95	8.05	7.90	8.00
QCOM	7.00	+0.05	400,000	6.95	7.05	6.90	7.00
TXN	6.00	+0.05	300,000	5.95	6.05	5.90	6.00
PLTR	5.00	+0.05	200,000	4.95	5.05	4.90	5.00
WMT	4.00	+0.05	150,000	3.95	4.05	3.90	4.00
CVS	3.00	+0.05	100,000	2.95	3.05	2.90	3.00
WYNN	2.00	+0.05	100,000	1.95	2.05	1.90	2.00
UNH	1.00	+0.05	100,000	0.95	1.05	0.90	1.00
MRK	0.50	+0.05	100,000	0.45	0.55	0.40	0.50

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QCOM	7.00	+0.05	400,000	6.95	7.05	6.90	7.00
TXN	6.00	+0.05	300,000	5.95	6.05	5.90	6.00
PLTR	5.00	+0.05	200,000	4.95	5.05	4.90	5.00
WMT	4.00	+0.05	150,000	3.95	4.05	3.90	4.00
CVS	3.00	+0.05	100,000	2.95	3.05	2.90	3.00
WYNN	2.00	+0.05	100,000	1.95	2.05	1.90	2.00
UNH	1.00	+0.05	100,000	0.95	1.05	0.90	1.00
MRK	0.50	+0.05	100,000	0.45	0.55	0.40	0.50

Symbol	Price	Change	Volume	Open	High	Low	Close
AMZN	15.00	+0.25	1,000,000	14.75	15.25	14.50	15.00
ORCL	12.00	+0.15	800,000	11.85	12.15	11.70	12.00
CRM	10.00	+0.10	600,000	9.90	10.10	9.80	10.00
INTC	8.00	+0.05	500,000	7.95	8.05	7.90	8.00
QCOM	7.00	+0.05	400,000	6.95	7.05	6.90	7.00
TXN	6.00	+0.05	300,000	5.95	6.05	5.90	6.00
PLTR	5.00	+0.05	200,000	4.95	5.05	4.90	5.00
WMT	4.00	+0.05	150,000	3.95	4.05	3.90	4.00
CVS	3.00	+0.05	100,000	2.95	3.05	2.90	3.00
WYNN	2.00	+0.05	100,000	1.95	2.05	1.90	2.00
UNH	1.00	+0.05	100,000	0.95	1.05	0.90	1.00
MRK	0.50	+0.05	100,000	0.45	0.55	0.40	0.50

Symbol	Price	Change	Volume	Open	High	Low	Close

ECONOMIC SCENE

Aid for Commonwealth:
A Conservative's Request

By Leonard Silk
New York Times Service

NEW YORK — At a time when many American conservatives are opposing large-scale aid to the former Soviet republics...

Calling the Commonwealth a "fragile construction," Mr. Schlesinger said last week that "the Western part of the world must help to stabilize these young states economically, with the goal of stabilizing them politically as well."

In a speech to the American Council on Germany in New York, he said investment in the new countries "will probably yield a high social return" and contribute to a new order of peace, from which "all our economies will benefit."

He urged the Western countries to "face up to these challenges in our own interest." The 47 nations attending the Washington aid conference, assembled this week by the United States, fell well short of that objective.

Economic policymakers, Mr. Schlesinger said, would have to cope with a huge problem for years to come — namely a worldwide capital shortage. "Demands for capital are rising in Eastern Europe, the former Soviet Union, the Third World and the industrial countries as well, at a time when capital is being choked off by the decline in savings, high budget deficits and the weakness of the world banking system."

The sluggish growth of the world economy is both a consequence and a cause of the global capital shortage.

Germany itself is short of capital to help other countries. Mr. Schlesinger said public transfers from Western to Eastern Germany last year amounted to 140 billion Deutsche marks (\$87.9 billion), or more than 5 percent of Western Germany's gross domestic product, and this year would exceed 170 billion DM.

By comparison, the aid proposed for the Commonwealth looks very small. Champions of Western aid are calling for amounts ranging up to \$30 billion a year. For the Commonwealth, with a population 15 times as large as Eastern Germany's, that translates into less than \$100 per capita, versus \$5,000 in Eastern Germany.

BUT CAPITAL TRANSFERS ALONE will not be enough to rescue the republics; they will also need technical help and organizational support from the World Bank, the International Monetary Fund and the new European Bank for Reconstruction and Development, Mr. Schlesinger said.

He singled out the IMF for praise, saying it had been more "neutral" than national governments, "which always tend to couple their own assistance with internal economic problems."

At a time when growth is crucial to both East and West, as well as the Third World, is not Germany doing just that — focusing on its own problems to the neglect of those of its European partners, the United States and the world economy?

On Dec. 19, the Bundesbank raised its discount rate and Lombard rate by half a percentage point to curb inflation as the Federal Reserve Board was moving to cut its discount rate by a full point to spur U.S. economic growth.

Mr. Schlesinger said in an interview that he had not opposed the half-point rise in the discount rate but had favored only a quarter-point rise in the Lombard rate. This dissent, he said, was "not very important," and the money market had corroborated his view that a smaller Lombard rise would have been enough.

But he defended the overall policy as necessary to prevent "an acceleration of inflation, an acceleration of the money supply and an acceleration in the demand for credit."

Yet, his tone was conciliatory toward the Bundesbank's critics in Europe and America, who are concerned about recession.

Western money is needed for stability in the republics, Schlesinger says.

Tisch Seen Near Deal to Purchase Macy

Compiled by Our Staff From Dispatches

NEW YORK — R. H. Macy & Co., the debt-ridden department store chain, will probably be sold to Laurence A. Tisch in a billion-dollar deal that may be announced this weekend, a consultant to Macy's bondholders said Friday.

Mr. Tisch, 69, chairman and chief executive of CBS Inc. and Loews Corp., has proposed buying Macy's junk bonds and most of its equity, effectively taking over the retailer's ownership.

Macy's has been struggling with debt since management took the company private with a \$3.7 billion buyout in 1986. The recession and a poor Christmas selling season have forced it to try to renegotiate debt.

Sources close to the talks said the Tisch offer is in the early stages and has been proposed to Macy's board, which analysts said was meeting Friday afternoon.

A Macy's spokesman declined to comment. But Wilbur Ross of Rothschild Inc., who has advised bondholders of many highly indebted companies, said he had been contacted by Macy's bondholders.

Mr. Tisch, who already owns 15.6 percent of Macy, initially would spend roughly \$1 billion

to substantially increase his stake under the offer, said people involved in the talks.

Mr. Tisch is expected to wind up owning as much as 90 percent of the company's stock and to invest large sums to buy junk bonds from creditors at well below face value. It was not clear whether the management investors, including Edward S. Finkelstein, Macy's chairman and chief executive, would lose their stake.

It also was unclear whether Mr. Finkelstein would remain in charge of the company, which operates Macy's, I. Magnin and Bullock's department store chains and several small specialty stores. Mr. Tisch and Mr. Finkelstein are close friends, however.

Whether Mr. Tisch intends to try to sell any of Macy's assets, such as one of the department store chains, was also unclear.

A move by Mr. Tisch would be expected to calm the market of speculation about the company's solvency that has engulfed it in recent years.

By eliminating a substantial portion of Macy's debt, a rescue would relieve worries about the company's bills and interest payments and help it concentrate on operating its stores.

The retailer faces a payment due on Saturday to vendors estimated at \$150 million to \$200 million. Analysts said they do not believe Macy's has the cash to pay vendors, and unless vendors receive their payments, they may hold up shipments of spring merchandise.

The Tisch plan would call for the company to file for bankruptcy on its own terms and eliminate debt, rather than default on payments and be forced to seek protection from its creditors.

Holders of Macy junk bonds would be offered prices well below face value, but above the low market prices to which they have fallen as concern has grown about Macy's prospects.

In the junk bond market, Macy's high-yield, high-risk bonds were up as much as \$15 per \$1,000 in face value on Friday, but they were still selling at just 50 cents on the dollar.

Other Macy shareholders are expected to agree to sell their stock to Mr. Tisch for a fraction of what they paid, fearing that the only other alternative would be a bankruptcy filing, that could result in even greater losses.

Those investors include the top echelon of Macy Management, GE Capital Corp. and A. Alfred Taubman, the real estate developer. (Reuters, NYT)

Polish Factories
Idle as Russia
Closes Gas Tap

By Blaine Harden

WARSAW — The failure of Russia to deliver on promised supplies of natural gas is causing serious shortages in Poland and has forced major industries to halt production, officials said Friday.

Alexander Fiodzinski, the national gas distribution manager, said daily supplies of Russian gas had been cut by more than 40 percent since the beginning of the year. Reuters reported. He said the situation deteriorated as the below zero temperatures this week increased public use of gas for heating.

The Polish energy crunch is being closely watched across Eastern Europe as countries in the region have rushed in recent weeks to make energy deals with Russia and other countries of the former Soviet Union.

Strict natural-gas consumption limits were imposed this week on Poland's biggest smelters, chemical and nitrogen plants. If the severe cold weather continues, industrial managers say more factories will shut down and tens of thousands of workers will be idled.

All important departments of the steel mill are out of operation at present, except one. This drastic limitation is happening for the first time in our history, said Stanislaw Krol, economics director of Warsaw Steel Mill, which employs 5,000 workers.

Due to apparent bureaucratic inaction in Moscow about whether

or not Russia wants to barter its fuel for Polish goods, Poland has been whipsawed in the past month between Russian promises that most of its energy needs will be met and disturbing evidence that shortages may be worse than ever.

Russia signed a \$2.8 billion barter deal at Christmas with Poland, agreeing to provide enough natural gas this year to meet all import needs. Russian also agreed to meet half of Poland's oil needs in 1992. In return, Poland promised \$500 million worth of food, along with drugs and coal-related products.

It was the largest barter deal Russia has made with an East European nation. The agreement was trumpeted by Warsaw officials as a solution to chronic energy problems.

But just a week after the protocol was signed, Russia slashed pipeline deliveries of natural gas by 40 percent. So far, there has been no official explanation for the cut. Major factories, such as Warsaw Steel Mill, are now receiving just one-eighth of the normal supply.

Poland is very sensitive to any disruption of natural gas supplies from Russia as it depends entirely on a pipeline network inherited from the now-defunct Soviet-led Comecon trade organization. Reuters reported.

Polish officials are still trying to figure out what went wrong with the barter deal. In the meantime, public statements by the Warsaw govern-

ment said it was working to resolve the situation. (Bloomberg, Reuters, AP)

See GAS, Page 11

In East Asia, a Push for Green Growth

By Michael Richardson

International Herald Tribune

BANGKOK — Rapid industrialization and population growth has made pollution so serious in East Asian cities that the region will have to spend up to \$20 billion a year in the 1990s to clean up the mess, a senior World Bank official said Friday.

Gautam S. Kaji, the bank's vice president for East Asia and the Pacific, said that lowering levels of wastes and reducing the flow of pollutants would consume an increasing proportion of government spending and private investment.

"The damage in some cities is so advanced, and actions to address it so far behind, that only a path-breaking partnership between government and the private sector has a chance of reining in the accumulating degradation," he said.

How East Asian nations deal with this challenge, he added, "will to a large extent determine their quality of life in the next century."

Mr. Kaji was speaking at a conference on business and the environment in Asia, attended by officials, company executives and experts.

The two-day meeting, which ended Friday, was organized by the International Herald Tribune.

Speakers said that decay of the urban environment is prompting many governments in the region to introduce tougher regulations to reduce pollution. If strictly enforced, these rules will increase costs for industries operating in East Asia.

But speakers said an environmental clean-up also will open opportunities for companies selling "green" equipment and know-how.

New Trade Bloc Is Stalled

Reuters

SINGAPORE — Southeast Asian governments have declined to endorse a Malaysian proposal to create an East Asian economic body, fearing "political implications" of angering the United States, ASEAN officials said Friday.

Foreign and economic ministers of the Association of Southeast Asian Nations, in a joint session ahead of an ASEAN summit meeting next week, have decided to "study further" the proposal for an East Asian Economic Caucus, the officials said.

"It was agreed that there was need for further study because consensus was that the EAEC is obviously not just an economic document. It has political implications," Raul Manglapus, the Philippine foreign minister, said after the talks.

Malaysia's prime minister, Mahathir bin Mohamad, had said the East Asian Economic Caucus was needed to give Asia a more powerful voice as potential trade blocs emerge in North America and Europe. Malaysia had suggested that ASEAN — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — be at the center of this caucus.

The United States opposed the grouping on the grounds that it excluded North America and was potentially protectionist, and Japan has been reluctant to back the idea.

Home to more than 9 million people, the city of Bangkok is suffering from air pollution. Symptoms of excessive strain on the urban environment include air and water pollution, traffic congestion, mountains of garbage and release of large amounts of untreated industrial waste. The worst-affected cities include Jakarta and Surabaya in Indonesia, Manila, Bangkok, Taipei, Seoul, Hong Kong and Beijing.

Much of the blight is a by-product of the region's emphasis on rapid economic growth. But Anand Panyarachun, the Thai prime minister, said that "from

the 1990s onward, the key concern is likely to shift toward sustainable development in which the environment plays a dominant role."

He added that in Thailand the business community would have to adapt production to comply with tougher standards, although the government would help with some financial incentives.

Nobutoshi Akao, Japan's ambassador for global environmental affairs and Asia Pacific cooperation, said Japan's experience had shown that cleaning up pollution was not incompatible with growth.

Huge investment costs were required initially, he said, but some Japanese industries such as autos and steel emerged with a stronger competitive position because they could make products that met increasingly stringent environmental standards in Japan and major export markets of the West.

Analysts said that enforcement of new environmental regulations and taxes is likely to be difficult in many East Asian nations unless the private sector has a hand in drawing up the measures and accepts them as necessary to meet growing public demand for "green" products.

Some executives expressed concern that over-regulation in East Asia would inflate business costs and make it more difficult to introduce improved technology.

R. Natarajan, president of Union Carbide Asia Pacific Inc., said regional governments were increasingly "looking at the environmental codes of the West and emulating the worst aspects of them."

CURRENCY RATES

Table with columns for Currency, Bid, Ask, and other rates for various international currencies.

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INTEREST RATES

Table with columns for Eurocurrency Deposits, 1 month, 3 months, 6 months, 1 year, and other interest rates.

Table with columns for Key Money Rates, 1 month, 3 months, 6 months, 1 year, and other interest rates.

Table with columns for U.S. Money Market Funds, 1 month, 3 months, 6 months, 1 year, and other interest rates.

Table with columns for GOLD, A.M., P.M., and other gold prices.

From Hong Kong, Odyssey's Sport Goods Travel the World

By Laurence Zuckerman

International Herald Tribune

HONG KONG — When the Buffalo Bills take the field for Super Bowl XXVI this Sunday, their head coach, Marv Levy, and his staff will be wearing official jackets manufactured in a state-of-the-art factory at Odyssey International's headquarters here.

The same will be true when the U.S. ski team takes to the slopes at the Winter Olympics in Albertville, France, in February.

In fact, whenever anyone from an Alpine adventurer to a weekend walker reaches for anything from an anorak to a leather-trimmed rucksack, chances are good that Odyssey made it.

From modest beginnings in the late 1970s, the company has grown into the behemoth of the outdoor clothing and equipment business.

After making its name designing and manufacturing goods for retailers such as L.L. Bean, Land's End, Eddie Bauer, Elisse, Filia and others, it began buying its own brands three years ago.

The company now manufactures in 15 countries on three continents and owns eight brands, including Head Sports Wear, The North Face, Sierra Designs, and Alpine Design. In addition, Odyssey has deals to retail Frank Shorter Sportswear in North America, Robert Comstock in Japan and Kartimor in France.

The company expects sales to exceed \$420 million in 1992, more than double its \$200 million in 1990. Odyssey's sales are reportedly considerably higher than those of its closest rival, U.S.-based Patagonia Corp.

Odyssey is privately held, and its founder and chairman, Bill Simon, did not comment on its profit in an interview.

In the late 1960s, Mr. Simon, now 44, headed from his home in Detroit to the University of California at Berkeley to study literature and write films.

"Business was the antithesis of everything I believed in," he said.

But a trip to Hollywood after graduation made him realize he would need money if he ever wanted to get a film made his way. Capitalizing on the booming interest in the outdoors, Mr. Simon and several friends started a small company making sleeping bags.

After some initial success, however, the company went bust, leaving several Asian suppliers in the lurch.

Mr. Simon agreed to work off the debts selling the companies' products, and he set up a small trading company in Hong Kong.

The business grew and soon, in a quest to control quality, Mr. Simon moved from buying to manufacturing, and then to designing and marketing. A passive investment from a Japanese sporting goods retailer, Victoria, helped fuel the expansion.

Today, Mr. Simon estimates that Odyssey's equity capital is worth \$185 million, which would make his 51 percent of it worth \$94 million, more than 30 times his original \$3 million goal. The other 49 percent is owned by top management and by Victoria.

Odyssey has 40 designers in offices in Hong Kong, Paris, Milan, New York and San Francisco. The company does about 30 percent of its manufacturing in China, recently opened a factory in Mexico, is exploring North Africa and plans 10 additional facilities in the United States over the next five years.

"I'm very bullish on U.S. manufacturing," Mr. Simon said. "I don't believe you cannot be cost effective in America."

The ultimate goal, he says, is to stop moving around the globe in search of low-cost labor and instead invest in high-technology, such as the show-case factory in the basement of Odyssey Center, the company's gleaming worldwide headquarters in Hong Kong's New Territories.

After Odyssey bought the ailing North Face for \$11 million in 1988, Mr. Simon found himself in the awkward position of having to defend capitalism to his new employees.

"I actually had to get up and say, 'Making money is not bad. Without money, we can't grow. Without money, the business would collapse.'"

"About half the people understood," he said. "Some still don't."

Odyssey is among Hong Kong's most enlightened employers. Odyssey Center has a fitness center and tennis courts offering free instruction. A newsletter features courses on everything from management to personal grooming. The company is also committed to recycling and is a founding member of the Outdoor Industry Conservation Alliance.

Can GATT Anchor Economic Change?

The Uruguay Round of world trade negotiations involving 108 nations is in a crucial phase. In Bangkok, Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, discussed what is at stake with Michael Richardson of the International Herald Tribune.

Q. What would be the main consequences of a collapse of the Uruguay Round?

A. Let me answer by saying why it is so important to succeed. In the past few years, many countries have embarked on substantial economic reform. They include developing nations as well as countries in Eastern Europe, the former Soviet Union, Vietnam, China and Mongolia. They want to anchor their reforms by concluding the Uruguay Round. If we fail, I fear they will suffer setbacks because they cannot make all the sacrifices that they are making without being able to say to their people they are getting something in return.

Much of the world is in recession. Everybody recognizes that one reason for slowdown in the world economy is lack of confidence of investors in the future. In this situation, failure of the Uruguay Round would be exactly the wrong signal to send.

The division of the world into two economic camps — the centrally planned and the market economy — has disappeared. We now have the opportunity to create a global economic system. The Uruguay Round is the instrument for achieving it in the trade policy field. It is a great opportunity to

extend to areas such as agriculture, textiles, services and intellectual property rights, the rules and disciplines that have been so useful for international trade in manufactured goods.

Q. Are you concerned that the agreement setting Japanese import targets for U.S. cars and auto parts that President George Bush secured on his recent visit to Tokyo is

an untimely example of managed trade and a step towards more protectionism in international commerce?

A. It goes against the trend for progressive trade liberalization, market opening and fair competition that the Uruguay Round is trying to achieve. It is an indication of what would happen if the GATT system fell into pieces. Everybody would then start doing the same kind of thing.

Q. Agriculture remains a major stumbling block. The United States and the Cairns Group of 14 agricultural exporting nations have accepted your overall compromise plan, although the cuts it calls for in farm subsidies are not as deep as they originally wanted. But Louis Mermaz, the French agriculture

minister, says your proposals will be the ruin of European agriculture. Can these seemingly entrenched positions be reconciled?

A. The United States, many of the Cairns group and a number of other countries have said they can go along with the whole package, including agriculture. But for some of them, any substantial change in the agricultural part of the package

support payments and agricultural export subsidies over six years. Is such a major amendment possible without unraveling the whole package?

A. At this stage, I don't think that the EC has been so precise about the changes it would like to see made to the text. However, I must make clear that practically the whole text put forward at the end of December is a negotiated one. In some areas, I had to arbitrate.

If governments which were not able to negotiate in December are now prepared to do so, I have nothing against that. But when I speak of negotiation, it means seeking consensus among the participants. If there is such a consensus, of course all changes are possible in the text.

However, if you change something in one area, it can have repercussions in other areas. This is the very carefully conducted process.

Q. Your draft set mid-April as the deadline for negotiating differences and reaching final agreement. Could it be extended?

A. The deadline to conclude the negotiations on market access for trade in goods and services, including agriculture, has been set, not by the draft, but by the contingencies of the ratification processes. It has always been the understanding that implementation of the final agreement would start in January 1993. Ratification would take place between April and the end of 1992.

Delors: French Must Bend

Reuters

CHATEAUXROUX, France — The president of the EC Commission, Jacques Delors, criticized France on Friday for refusing to make concessions at GATT world trade talks.

"Frenchmen and Frenchwomen, at least their politicians, cannot understand that in a negotiation one must obtain advantages with one hand and concede with the other," Mr. Delors, who is French, said at a conference on rural development.

"The farmers for whom we show so much care are not the only ones in the world," he said, referring to French determination to protect farming that is at the core of an EC-U.S. dispute holding up progress in other areas of the trade talks, such as services.

EUROPEAN MULTI INDEX FUND

SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg N. 33780

Dividend Notice

The Annual General Meeting of Shareholders resolved on January 17, 1992 to declare the following dividends:

For category A (Subscription) Shares of:
EMF-Belgium Index Plus BEF 275.20 per share
EMF-France Index Plus FRF 14.08 per share
EMF-UK Index Plus GBP 3.40 per share
EMF-Germany Index Plus DEM 1.93 per share
EMF-Spain Index Plus ESP 78.11 per share

The dividends are payable on or after January 31, 1992 to shareholders on record on January 17, 1992 and to holders of bearer shares upon presentation of coupon N. 1. The shares will be quoted ex-dividend as from January 20, 1992.

Prising Agent: Kredietbank S.A. Luxembourg
45, boulevard Royal, L-2955 Luxembourg

The Board of Directors

MARKET DIARY

Profit-Taking Fails To Overcome Rally

NEW YORK — Stocks rose to a mild gain on Friday, boosted by a late bout of profit-taking.

The Dow Jones industrial average rose 6.04 points, to 3,332.78.

N.Y. Stocks

The blue-chip index, which had been up more than 15 points an hour before trading ended, finished the week with a 32.20-point loss.

Advancing common stocks edged out decliners by a 7-6 ratio on the New York Stock Exchange.

Volume on the Big Board fell 214.79 million shares from 229.68 million on Thursday.

Hillegard Zagorski, vice president for national sales and market analyst at Prudential Securities Inc., said "The market has entered a period of consolidation and the bias is toward the downside."

President George Bush is scheduled to give the annual State of the Union address on Tuesday. He is expected to announce plans to revitalize the U.S. economy, but there are fears that such programs could

expand the federal budget deficit and fuel inflation.

The Dow's rise was fueled by Walt Disney, which accounted for about half of the index's gain. Disney gained 2 1/2 to 133 1/2 after analysts at PaineWebber and Merrill Lynch raised earnings estimates.

Orion Pictures soared 1 1/2 to 2 1/2 on rumors that Turner Broadcasting may make a bid for the entertainment company.

Paper stocks led by Scott Paper, also gained. Scott was up 1 1/2 to 37 1/2 after the company said it will take a fourth-quarter charge of \$183 million to eliminate 3,800 more jobs.

(Reuters, Bloomberg, UPI)

Fear of Intervention Undermines Dollar

NEW YORK — The dollar fell sharply Friday as nervous traders reacted to rumors of dollar-selling by the Federal Reserve ahead of Saturday's Group of Seven meeting.

Dealers said rumors that the Fed was intervening and aggressively checking rates were nonsense.

The dollar closed at 1.413 against the Swiss franc from 1.4255 and 5.4285 French francs from 5.477.

The U.S. currency fell to 1.413 against the Swiss franc from 1.4255 and 5.4285 French francs from 5.477.

At one point, the dollar had fallen as much as 3 pennies on the rumors that the Fed was selling dollars for marks. The dollar was

further hurt by comments from a Fed governor, John LaWare, about declining consumer confidence in the United States.

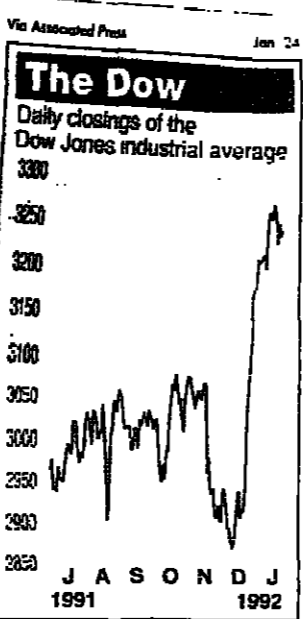
Analysts expect a statement from the G-7 meeting advocating that the yen should appreciate against the dollar and European currencies to try and control the soaring Japanese trade surplus.

"The G-7 could definitely try to talk down the dollar, but I doubt there will be any definitive measures taken," said Jerry Egan, chief dealer at Bank of Boston.

Analysts said that any chief to the yen after the G-7 meeting should be offset by the effects of cuts in Japanese interest rates.

Analysts at MMS International said that if Japan persists in the contradictory policies of trying to lower interest rates and a stronger yen at the same time, "we suspect the stronger yen objective will suffer in the longer term."

(Reuters, Bloomberg)



The Dow Jones Industrial Average

Standard & Poor's Index

NYSE Indexes

NASDAQ Indexes

AMEX Stock Index

Dow Jones Bond Average

Market Sales

N.Y.S.E. Odd-Lot Trading

NYSE Most Actives

NYSE Daily

AMEX Daily

NASDAQ Daily

EUROPEAN FUTURES

Food

SUGAR (ICE)

COFFEE (ICE)

WHEAT (CBOT)

WHEAT (CBOT)

WHEAT (CBOT)

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U.S. FUTURES

Grains

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U.S. FUTURES

Metals

ALUMINUM (COMEX)

COPPER (COMEX)

SILVER (COMEX)

PLATINUM (NYMEX)

PALLADIUM (NYMEX)

SOYBEAN OIL (NYMEX)

SOYBEAN (NYMEX)

SOYBEAN MEAL (NYMEX)

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U.S. / AT THE CLOSE

TI Cuts More Jobs as Loss Widens

DALLAS (UPI) — Texas Instruments Inc., hit by an operating loss of \$43 million in the fourth quarter, said Friday it will cut 1,000 more jobs in its troubled semiconductor and information-technology units.

The cuts, part of a continuing cost-reduction effort because of mounting losses, resulted in a charge against earnings of \$55 million in the fourth quarter and raised the net loss to \$85 million for all of 1991.

The new cuts raise to 5,200 the number of jobs Texas Instruments has eliminated since 1990, and will bring its payroll to about 62,000. TI shares were down 37.5 cents at \$35.375 on the New York Stock Exchange.

U.S. Judge Accepts BCCI Guilty Plea

WASHINGTON (UPI) — A federal judge accepted on Friday Bank of Credit & Commerce International's guilty plea to racketeering charges. Credit is the way for the forfeiture of all of its \$550 million of U.S. assets.

The agreement calls for about \$250 million of the funds to be used to repay BCCI's main American subsidiary, First American Bankshares in Washington, \$75 million to pay off overseas creditors and the remainder to pay civil fines and penalties in the United States.

After accepting the plea, Judge Joyce H. Green said, "The worldwide collapse of BCCI six months ago has brought enormous and continuous tragedy to its victims. Whatever is done now cannot erase that tragedy. But no one has offered the court a better alternative."

Orion Jumps on Talk of Turner Bid

LOS ANGELES (Combined Dispatches) — Stock in Orion Pictures Corp. jumped Friday on reports that Turner Broadcasting System Inc. may bid for the ailing studio, which filed for Chapter 11 bankruptcy protection last month.

Orion's stock was up \$1.375 at \$3.875 in late trading on the New York Stock Exchange. Officials at Turner declined to comment. (UPI, AP)

Upjohn Sues for Libel Over Halcion

KALAMAZOO, Michigan (Reuters) — Upjohn Co. said Friday it filed three libel actions in Britain's High Court of Justice relating to charges of safety with its sleeping aid Halcion.

The company said it will seek damages and injunctions against the British Broadcasting System and reporter Tom Mangold for allegations broadcast on Oct. 14, 1991, in the BBC program Panorama. It also filed suit against Express Newspapers PLC and an editor and reporter for allegations published in the Oct. 6, 1991, Sunday Express.

The third action is against Dr. Ian Oswald, a Scottish psychiatrist. In a New York Times article on Jan. 20, Dr. Oswald called into question Upjohn's data relating to the safety of Halcion. Upjohn spokeswoman Kaye Bennett said the Times was not named in the third action.

Weak 4th Quarter for U.S. Oil Majors

NEW YORK (Reuters) — Exxon Corp. said Friday its earnings rose 12 percent to a record \$5.6 billion in 1991 despite a fourth-quarter drop. Mobil Corp. and Chevron Corp. also said fourth-quarter earnings were below levels of a year earlier, when oil prices soared due to the Gulf crisis.

And Mobil said 1992 was not off to a good start. In the fourth quarter, Exxon said net income fell 28 percent to \$1.12 billion, due partly to lower production and weak natural gas prices. Mobil's net fell 38.5 percent to \$401 million in the fourth quarter. Chevron's profit fell to \$39 million after special charges of \$244 million, down from \$633 million a year ago, when charges were \$123 million.

For the Record

Chesbrough-Pond's USA, a Unilever unit, said it will take a \$35 million pretax charge in its 1991 fourth quarter to cover voluntary retirements and layoffs under a restructuring. (Reuters)

Morgan Stanley Group Inc. said Friday its fourth-quarter profit more than doubled to \$132 million, from \$58.3 million a year ago, because of a big gains in investment banking and trading. (AP)

U.S. FUTURES

Grains

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WORLD STOCK MARKETS

Agence France Press Jan 24

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EFTA Is Said to Offer Compromise With EC

By Charles Goldsmith
International Herald Tribune
BRUSSELS — Hoping to break a deadlock over creation of a 19-nation free trade zone, the European Free Trade Association has proposed giving the European Community extra clout over competition cases in exchange for creation of an arbitration panel to settle other disputes, sources close to the discussions say.

The proposal is designed to overcome a ruling last month by the European Court of Justice, which invalidated plans to create a joint EC-EFTA court as outlined in an initial agreement.

Top negotiators from both sides will meet Monday in Brussels to discuss the plan, although an EC official said it may still run afoul of the court's insistence that Community legal jurisdiction cannot be encroached upon.

The plan was described by an EFTA official as a "negotiating counterproposal" to "totally unacceptable" suggestions by the Community that the Luxembourg-based EC court enjoy exclusive jurisdiction over many types of disputes in a new European Economic Area stretching from the Arctic to the Mediterranean.

Under the new proposal, the sources said, the Commission would handle all competition cases that involved both EFTA and the

Community. This represents a concession by the EFTA side. The initial agreement called for the EFTA Surveillance Authority to deal with competition cases that involved companies making more than one-third of their sales in EFTA countries.

In exchange, the Community would have to agree to an arbitration panel to settle other types of disputes, such as those arising from the treaty's "safeguard clauses." Those clauses would allow a single EFTA country to suspend part of the treaty, but all other countries in both the EC and EFTA could take compensatory measures. For example, if Switzerland banned a certain type of truck from an Alpine road, other countries could take certain similar steps.

"But if another country banned all Swiss cars, that would be an unfair counter-measure, and Switzerland needs to have recourse to an arbitration panel," said an EFTA official.

The official said the arbitration board would not handle cases that involved an interpretation of EC law, but would instead confine itself to disputes arising wholly from the treaty to create a new economic area.

Both sides said they hoped an agreement could be reached quickly so the pact could be in place for the start of the EC's single market, next Jan. 1.

KLM to Lift Euphoria Grips Bund Market

Investors Ignore Doubts, Acting as if Rates Have Peaked
Compiled by Our Staff From Dispatches

FRANKFURT — Long-term German interest rates have fallen since the start of the year and investors are convinced they have further to go, although there are fundamental reasons to question the market's view.

The benchmark 10-year German government bond ended the week at a yield of 7.84 percent, down from 7.98 percent at the beginning of January. Investors seem convinced the Bundesbank's interest-rate increases in December signaled a peak. Demand for bonds, particularly in the medium-term sector, has pushed bond market yields to their lowest levels in two years.

Ironically, the rally in bond prices was sparked by the Bundesbank's move last December to raise its key interest rates to their highest levels in Germany's post-war history.

Many investors now seem to believe the only thing standing in the way of lower short-term rates is German salary talks. When it last raised rates, the Bundesbank warned that high pay raises would pose the danger of a wage-price spiral in Germany and harm the economy.

But despite relatively high wage demands and the threat of strikes in the banking and steel sectors, the market is operating on the belief that pay settlements

will be moderate, leaving room for the Bundesbank to lower rates later this year.

Almost lost in the euphoria are warnings that rate cuts may not come on the schedule set by the markets or that developments abroad might dramatically change the outlook.

Winfried Schütter, an analyst at Landesbank Rheinland-Pfalz, noted that investors have all but shrugged off the fact that the wage round has only just begun. Economists said that any unexpected shift in the U.S. market would weigh heavily on bonds. "The German bond market is very much fixed on U.S. Treasury yields on the one hand and exchange rates on the other," said Ulrich Stöckler, chief economist at Nomura Research in Frankfurt. The 30-year Treasury bond yield has been rising since the beginning of the year.

The market bulls are also overlooking the question of whether Bonn will rein in government spending. Theo Waigel, the German finance minister, said Thursday that the 1991 budget deficit for the federal, state and district governments would come in at 125 billion to 130 billion Deutsche marks (\$78 billion to \$82 billion), below predictions by independent advisers. The 1992 budget plan calls for a deficit of 135 billion DM. In 1990, the shortfall was 93.7 billion DM. (Reuters, AP, Bloomberg)

KLM to Lift Its Capacity In Europe
Reuters

AMSTERDAM — KLM Royal Dutch Airlines said Friday it will raise capacity on its European route network by 20 percent in the year beginning April 1.

The move is part of KLM's plan to eventually raise its share of the European air transport market to 10 percent from 2.5 percent now.

To achieve the increase, KLM will hire 200 pilots and 800 flight attendants, twice the amount it would normally hire in one year.

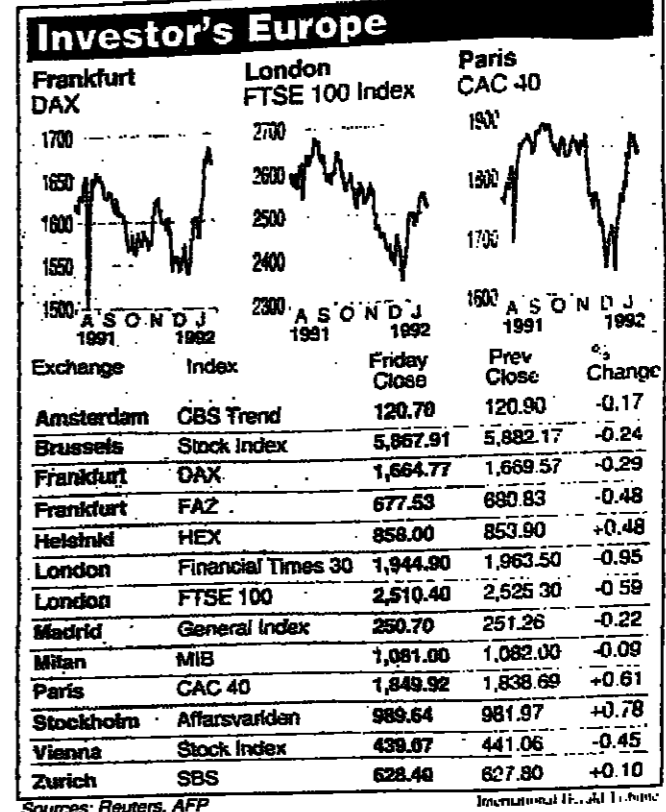
Capacity will rise by smaller amounts in the following two years for an average increase of 11 percent over three years.

Spokesman Peter Wethuener said the airline had no plans at the moment to expand its fleet.

KLM had already arranged to lease six Fokker 100 aircraft for the summer from the French regional airline Air Littoral, in which KLM has a 35 percent stake.

Mr. Wethuener said the increase in capacity in Europe will be achieved mainly by raising the frequency of its flights rather than adding new destinations.

KLM also is aiming for a better spread of departure and arrival times on intercontinental flights so they fit in better with the European schedule.



G-7: With U.S. Consumers Spent, World Seeks a New Economic Locomotive

(Continued from page 1)

percent spending plunge — only the third decline since the end of World War II — was by far the worst.

More importantly, once the recovery is under way it is doubtful whether the U.S. market will resume its traditional role as the world's chief economic spark plug. That's because private consumption in the United States, which jumped from 63 percent of GNP at the start of the 1980s to an unprecedented 68 percent by the end of the decade, cannot continue to climb. Indeed, it may well return to a level closer to its traditional share of the economy.

To be sure, the current fears generated by the recession exaggerate the extent of the difficulties facing the U.S. economy.

"Americans are particularly susceptible to a psychology of gloom-and-doom," said Baron Daniel Janssen, chairman of the executive committee of Solvay & Co., a Brussels-based chemicals company that

has extensive business interests in the United States. "When times are bad, everybody becomes desperate. When times are good, everybody forgets. All in all, I'm very confident in the future of the U.S. economy."

Moreover, a shift away from excessive dependence on consumption to more reliance on investment should provide substantial long-run benefits, business leaders and economists note.

At the same time, there is a good chance that other sources of demand will eventually step into the breach. "We could be on the verge of a golden age of capitalism," said David Hale, chief economist for Kemper Financial Services in Chicago, "in which regions such as Latin America and Eastern Europe that were previously highly protectionist or kept themselves outside the global economy become the new engines of growth for everybody."

For now, however, countries have responded to the diminishing

power of the U.S. consumer by trying to reduce their dependence on exports to the United States and bolstering regional trade.

Nations of Western Europe, for example, sent almost 13 percent of their exports to North America in 1985 but less than 10 percent in 1989. Trade within Western Europe itself accounted for 71 percent of all exports from the members of the European Community and the European Free Trade Association, up from 65 percent in 1985.

"Everybody knows the old saying that if America sneezed, Europe caught cold," said David Roche, European research strategist for Morgan Stanley International in London. "That's still part of the truth, but now the illness isn't so severe."

Japan and Southeast Asia sent as much as 40 percent of their exports to the Western Hemisphere, overwhelmingly to the United States, as recently as 1985. By 1989, the share had dipped under 35 percent.

But such adjustments alone

probably won't be enough to make up for the expected slowdown in U.S. domestic consumption in the 1990s. Adding to the dilemma are severe cuts to come in Pentagon spending and years of limited construction activity because of a glut in commercial real estate.

Without an overwhelmingly dominant economic player, conflicts among nations are likely to focus on issues that previously were considered internal matters.

Already, trade conflicts between Washington and Tokyo are escalating again amid complaints from Americans about such long-established Japanese practices as its *keiretsu* system of interlocking corporate groups, while the Japanese focus on such issues as deep-seated failures in American education.

Meanwhile, Japan and the United States have forged at least a modest alliance against Germany, attacking the high interest rates resulting from its tough anti-inflation stance as an obstacle to a world expansion.

Film Supplier and BSKyB in Accord

Reuters

LONDON — The film distributor United International Pictures and the satellite broadcaster British Sky Broadcasting have struck a deal on movie rights, ending multi-million dollar legal actions against each other. UIP said Friday.

UIP, owned by Paramount Communications Inc., MCA Inc. and MGM-Pathe Communications Co., said the arrangement would allow its films to be shown for the first time on both BSKyB's movie channels.

Each side had launched a legal offensive against the other alleging that the other was anticompetitive.

UIP has agreed to drop its action against BSKyB and its shareholders,

which are News Corp., Pearson PLC, Chargeurs SA and Reed International PLC. BSKyB has also dropped its suit against UIP.

Neither company would give financial details about the deal.

BSKyB has now completed deals on the cost of film rights with eight of the nine Hollywood studios with which it has agreements. It is still negotiating with Warner, part of Time Warner Inc., a BSKyB spokeswoman said.

Very briefly:

- Czechoslovakia, faced with a stampede from citizens, said it was extending a deadline to register privatization investment vouchers into February; the first round of sales will start as scheduled on Feb. 17.
- Reckitt & Colman PLC said it agreed to sell its U.S. seasoning unit, Durkee-French, to Burns Philp of Australia for \$80 million.
- Grand Metropolitan PLC declined to comment on a French magazine report that it is accumulating a position in Pernod Ricard SA.
- European Community said inflation was 4.8 percent in 1991, a 3-year low.
- France posted a trade deficit of 4.42 billion francs (\$813.8 million) in December, compared with a November surplus of 331 million francs; the deficit narrowed to 30.19 billion francs in 1991 from 49.58 billion in 1990.
- Italy said it was granting an 80 billion lire (\$67 million) line of credit for Albania and abolishing quotas for all imports, except textiles.
- Odense Steel Shipyard Ltd. said it won an order for three supertankers from Vela International Marine Ltd., a unit of Saudi Arabian Oil Co.; sources said the order was worth about 3 billion Danish kroner (\$480 million).
- Ente Nazionale Idrocarburi said it signed a cooperation accord on energy, nonferrous metals and industrial machines with Kazakhstan. (Reuters, AP, Bloomberg)

GAS: Cutoff Idles Polish Factories

(Continued from first finance page)

ment have been vague about the scale of the natural-gas shortage.

Prime Minister Jan Olszewski, acknowledging "serious problems" with gas supplies, said Thursday he had phoned "a Russian economic leader" to discuss the matter. But he refused to say to whom he talked.

Seeking an explanation, the Polish ambassador in Moscow reportedly has held a series of meetings with deputies of the Russian president, Boris N. Yeltsin.

Informed speculation in Warsaw is that Russia has decided it signed a disadvantageous agreement in December and is trying to force Poland to sweeten the terms.

That Christmas deal, although officially denominated in dollars, denied Russia any hard currency. Under the agreement, the \$1.4 billion that Poland was to pay Russia

for oil and natural gas would never have left Warsaw. The cash was to be kept in a Polish bank account, until it was paid to Polish companies for \$1.4 billion worth of food and other goods.

Lourho's Stock Decline On Payout Cut Worsens

Reuters

LONDON — Lourho PLC's stock fell further on Friday after it announced a fall in 1990-91 profit and dividend cuts after the market close on Thursday.

The stock had fallen to 120 pence in after-hours trading Thursday, after ending the official stock exchange session at 161 pence. On Friday, the stock price lost a further 2 pence to 118.

Euro Disney Won't Pay 'Blackmail'

Reuters

PARIS — The president of Euro Disney SA on Friday threatened "blackmail" contractors' implicit threats to obstruct the opening of Disney's Paris theme park because of a dispute over payments.

"When you start saying, 'We'll occupy the president's office, block the roads, we'll demonstrate.' I don't think that's professional," said the executive, Robert Fitzpatrick. "I call that blackmail. We are ready to pay anything that can be justified but not one penny in blackmail."

The 16 construction companies involved in the dispute over 850 million francs (\$157 million) in cost overruns have said it would be easy for them to stop the opening by placing heavy machinery in strategic locations around the site. But they have added they would not do so.

Mr. Fitzpatrick reiterated that the company was still "completely confident" the 22 billion franc park would open on schedule April 12.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yield %	52 Wk High	52 Wk Low	1991 P/E	1992 P/E
100	90	IBM	3.00	3.00	100	90	10	10
150	140	Microsoft	0.00	0.00	150	140	15	15
200	190	Apple	0.00	0.00	200	190	20	20
250	240	Oracle	0.00	0.00	250	240	25	25
300	290	Sun	0.00	0.00	300	290	30	30
350	340	Novell	0.00	0.00	350	340	35	35
400	390	Lotus	0.00	0.00	400	390	40	40
450	440	Intuit	0.00	0.00	450	440	45	45
500	490	Visa	0.00	0.00	500	490	50	50
550	540	MasterCard	0.00	0.00	550	540	55	55
600	590	AmEx	0.00	0.00	600	590	60	60
650	640	Discover	0.00	0.00	650	640	65	65
700	690	Bank of America	0.00	0.00	700	690	70	70
750	740	Wells Fargo	0.00	0.00	750	740	75	75
800	790	Citigroup	0.00	0.00	800	790	80	80
850	840	JPMorgan	0.00	0.00	850	840	85	85
900	890	Goldman Sachs	0.00	0.00	900	890	90	90
950	940	Merrill Lynch	0.00	0.00	950	940	95	95
1000	990	JP Morgan Chase	0.00	0.00	1000	990	100	100



AMEX

Friday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Stock	Div	Yld	PE	52 Wk High	52 Wk Low	Open	Close
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126.00	125.00	AMEX						126.00	125.00
125.00	124.00	AMEX						125.00	124.00
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9.00	8.00	AMEX						9.00	8.00
8.00	7.00	AMEX						8.00	7.00
7.00	6.00	AMEX						7.00	6.00
6.00	5.00	AMEX						6.00	5.00
5.00	4.00	AMEX						5.00	4.00
4.00	3.00	AMEX						4.00	3.00
3.00	2.00	AMEX						3.00	2.00
2.00	1.00	AMEX						2.00	1.00
1.00	0.00	AMEX						1.00	0.00

High	Low	Stock	Div	Yld	PE	52 Wk High	52 Wk Low	Open	Close
127.00	126.00	AMEX						127.00	126.00
126.00	125.00	AMEX						126.00	125.00
125.00	124.00	AMEX						125.00	124.00
124.00	123.00	AMEX						124.00	123.00
123.00	122.00	AMEX						123.00	122.00
122.00	121.00	AMEX						122.00	121.00
121.00	120.00	AMEX						121.00	120.00
120.00	119.00	AMEX						120.00	119.00
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109.00	108.00	AMEX						109.00	108.00
108.00	107.00	AMEX						108.00	107.00
107.00	106.00	AMEX						107.00	106.00
106.00	105.00	AMEX						106.00	105.00
105.00	104.00	AMEX						105.00	104.00
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100.00	99.00	AMEX						100.00	99.00
99.00	98.00	AMEX						99.00	98.00
98.00	97.00	AMEX						98.00	97.00
97.00	96.00	AMEX						97.00	96.00
96.00	95.00	AMEX						96.00	95.00
95.00	94.00	AMEX						95.00	94.00
94.00	93.00	AMEX						94.00	93.00
93.00	92.00	AMEX						93.00	92.00
92.00	91.00	AMEX						92.00	91.00

THE REPORT

FIRST COLUMN

Avoiding Currency Tempests

THE story runs this way: A Famous Writer got drunk, and then got mad, very mad, at a literary party. He became so cross, in fact, that he was reduced to throwing wild punches in response to the clever barbs directed at him.

HERE is a good side and a bad side to this speculation on the adequacy of numbers. The bad aspect is that the fortunes of whole countries are subject to these vast, virtually uncontrollable market forces.

The good side is that even though the market is huge and almost unstoppable, the individual is far from powerless. You may not be able to prevent rain, but you can always wear a waterproof coat.

M.B.

Commodities at Lows, But Buyers Beware

By Conrad de Aenlle

IF the stock and bond markets seem pricey after their latest theatrics, consider coffee. The price of coffee is at a 16-year low, trading about 75 percent below its 1977 peak.

Sugar goes for 9 cents a pound, or about 20 cents a kilogram. It hit 66 cents a pound 18 years ago. Soybeans, like coffee, are near their lowest prices in almost two decades, and bellies are selling for half of what they fetched a little more than a year ago.

These commodities are so depressed — in some cases they sell for less than the costs of producing them — that they offer low-risk,

For most of the markets, I would rather be looking for places to sell them rather than buy them.

James Nevler at the Commodity Research Bureau.

potentially high-profit buying opportunities for those nimble enough to navigate the treacherous futures markets, some analysts say. Not so, others argue: prices are low for some very good reasons — and are likely to stay that way or go lower still.

The reason coffee is selling so cheaply is simple: "inventories are humongous," said James Nevler, an analyst at the Commodity Research Bureau in New York. "At this time of year we should be at peak consumption, and we are, but roasters have an overabundance of stock."

Estimates are that 7 million bags of coffee, each weighing 60 kilograms, or 132 pounds, are sitting in storage in the United States. That's a lot of beans, enough to keep coffee-futures buyers up at night.

Excess supply also is a culprit in the bear market in sugar, cocoa and pork bellies, the part of the pig that bacon comes from. Belly inventories, for instance, have doubled from last year, Mr. Nevler said.

The seeds of today's coffee glut were sown, literally, in the 1970s after a freeze destroyed much of Brazil's crop, he explained. The price of coffee, which had been below 50 cents a pound in 1975, leaped to more than \$3.30. That was high enough to put a lot of people in the coffee business, in Brazil and all over the world. The beans from the trees they planted are the ones taking up space in warehouses.

The price spike that coffee made in the 70s shows how rewarding — and costly — futures trading can be. Coffee is traded in lots of 37,500 pounds on the New York Coffee, Sugar and Cocoa Exchange. Because the contracts that change hands are agreements to buy and sell in the future, without an actual exchange of goods, only a small percentage of a contract's value must be paid when a trade is made.

A speculator smart enough, or lucky enough to have bought a coffee contract at the 1975 low and sold it at the top would have put up around \$2,000 and turned a profit of close to \$110,000. Of course, the poor guy who sold short — agreeing to sell without actually owning the product — at the low and bought back to honor the contract at the high would have lost that much.

One market in which demand has been strong and supply limited is wheat. Prices are up more than 40 percent since July, for an increase of more than \$6,000 for a 5,000-bushel contract. They are at their highest level in nearly two years.

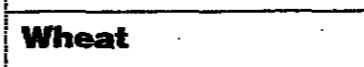
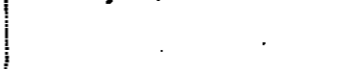
"Wheat prices are primarily higher because of the tightest supplies in over a decade," said Dick Gady, vice president for public affairs and economic research at Con-Agra Inc., the large U.S. food company. Wheat supplies will get tighter still if Russia buys \$500 million of American wheat, as expected.

"Because of the supply situation, wheat and corn prices should recover further," he said, adding, "Soybeans are so cheap in Europe and especially Japan that it wouldn't take much buying to move prices higher."

COCOA futures, like wheat, have surged since the summer, from \$1.245 a metric ton from \$860. That's a decent move, but it still leaves cocoa

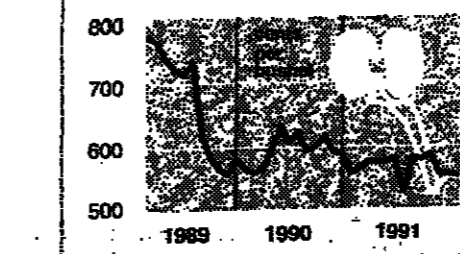
Key Commodities

Prices of commonly traded commodity futures contracts, in cents through January 10, 1992

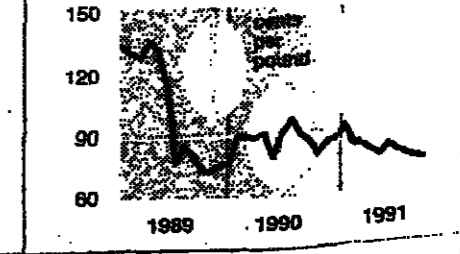


Source: Commodity Research Bureau

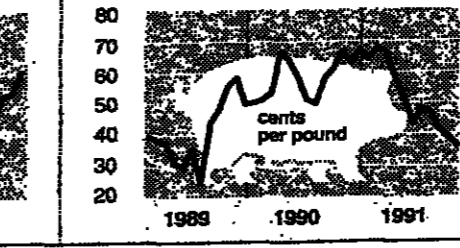
Soybeans



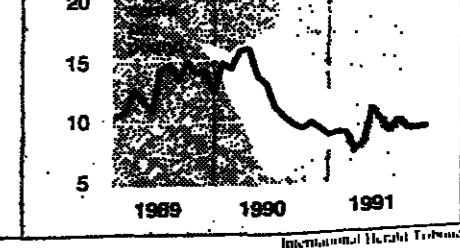
Coffee



Wheat



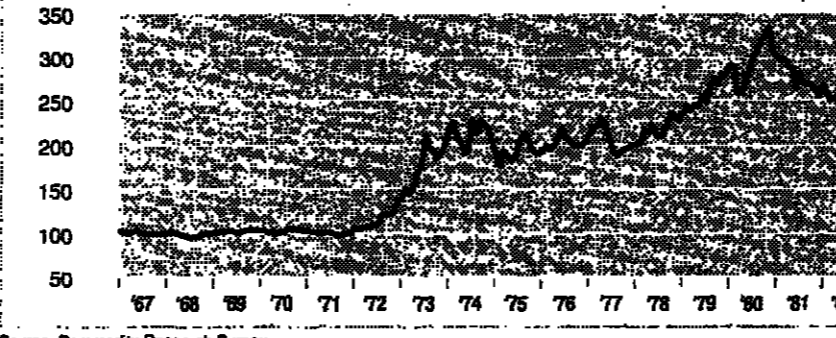
Pork Bellies



Source: Commodity Research Bureau

Raw Materials Prices: Bumping Along the Bottom

CRB commodities futures price index of 21 commodities, 1967=100



Source: Commodity Research Bureau

Grenfell Aims at Smaller Japanese Companies

By Martin Baker

MORGAN Grenfell Investment Funds Ltd., part of the mutual fund management division of Deutsche Bank AG, is offering international investors a new mutual fund committed to the Japanese market.

The company's Japan Buller fund will be able to invest in all Japanese shares other than the biggest 20 percent of Japanese companies — in other words, stocks with a market capitalization of up to \$1.8 billion.

Morgan Grenfell is seeking to reproduce for international investors the performance of its existing Japanese-based mutual fund that invests in smaller Japanese company stocks. That fund, managed by the same team that will oversee the Buller fund, has been among the best performing mutual funds over the last five years, according to the statistical monitoring firm Micropal, which has collected statistics from the United States, Japan, Britain, Germany, France, Luxembourg, Switzerland, Ireland, Belgium and a variety of offshore territories.

Tony Fraher, managing director of Morgan Grenfell Investment Funds, has disarming parallel arguments in favor of the fund. First, he says that the troubled Japanese

stock market has finally hit the bottom, with the Nikkei average consistently bouncing back from any fall below the 22,000 level. The counter argument to this view are strong: Tokyo closed Thursday well below this figure, then finished the week on a sour note as the Nikkei Dow index lost more than 500 points, falling to 21,072.15.

But the second argument is that the performance of the general market is not relevant to the performance of the fund, which will invest in stocks of smaller companies specifically researched (and usually visited by) the investment management team. Mr. Fraher points to the good performance of the British-based fund during troubled times in the main Tokyo market to back up his claim.

One undoubtedly influential external force on the fund will be the performance of the yen: "We are fully exposed to the yen, and our currency analysis expects it to be the strongest major currency over the next 18 months," he says.

BUT arguments for the yen against the dollar — obviously the key rate for dollar-based investors — are less clear cut, according to other commentators. Mark Cliffe, senior international economist at Nomura Research Institute (Europe), argued in a recent report that President George Bush's

State of the Union address on Jan. 28 would be crucial in determining the future direction of the greenback.

He also pointed out that the three biggest economic powers — Japan, the United States and Germany — all had an interest in a weak dollar. For the United States, it would help to stimulate growth, while Japan and Germany would find a weaker dollar disinflationary.

Investors who like the currency outlook and performance track record of the managers will be pleased to know that the Buller fund is based in the tax-advantaged location of Dublin.

Units are priced using the American-style net asset value, from which an initial charge of 6 percent is deducted; a charge of 1.5 percent is levied annually. During the launch period, which ends Feb. 7, a discount of 1 percentage point is available to investors committing funds via a financial adviser.

Readers are reminded that although mutual fund companies almost invariably deny that they are prepared to negotiate on fees, the bigger investor will often in practice be able to obtain a discount. The management firm has some leeway here: A 3 percent commission is offered to intermediaries.

Details: Morgan Grenfell, 20 Finsbury Circus, London EC2M 1UT.

BRIEF CASE

Nasdaq's London Opening Stirs Few Stock Traders

The overnight trading session of U.S. over-the-counter stocks, aimed at worldwide but mostly European traders, went off with a whimper than a bang last week as just 106,800 shares worth \$5.8 million changed hands, according to the National Association of Securities Dealers Automated quotation system.

Lynon Jones, managing director of Nasdaq International in London, said Monday's session went according to expectation despite the small turnover, and that business should pick up after more market makers come on the system. Only three market makers in London and four blear-eyed colleagues in New York worked the first day. Trading sessions run from 8:30 A.M. to 2 P.M. London time, or a wretchedly early 3:30 A.M. to 9 A.M. New York time.

Trading should get a boost, also, when New York Stock Exchange issues begin to be dealt. For now, trading is only available on 1,450 Nasdaq stocks, although just 29 were traded Monday, big names like Microsoft, Amgen and Intel.

"We anticipated that the volumes would be fairly low," Mr. Jones said, "but given that we haven't got all our market makers

running, and given that no one is yet making a price in New York Stock Exchange stocks, we did marginally better than expected."

British Unit Trusts Offer Share Dealing by Telephone

A program offered by nine British unit trust managers allows diversification-minded shareholders in BT PLC and, in some cases, other privatized companies to place in and convert their holdings into unit trust shares.

The Unit Trust Association, the industry's trade group, says that the Telephone Exchange program, whose opening coincides with the second round of the massive BT privatization, is a cheaper way for small shareholders to diversify than that offered at government-approved share shops, which allow investors to sell their recently received BT vouchers and buy stakes in one or two other British companies.

Based on the price of the partially paid BT shares on their first day of trading last month, the cost to sell 400 shares and buy shares of two other companies would run between £29.85 and £43.50, or about \$52 to \$76. The cost of buying unit trust shares, with their up-front sales loads of 5 to 6 percent, would be £25.10 to £30.12 using the Telephone Exchange service.

The program runs until March 9, and some, but not all, of the unit trusts will allow shares from privatizations other than BT to be converted. The association urges, however, that before any transactions are made, investors should consult the fund companies or a financial adviser to make better-informed decisions, especially regarding costs.

The Telephone Exchange line is open 24 hours a day, seven days a week. The number is 0483 461010; outside Britain, dial 44 instead of the first 0.

Spain Launches Derivatives Based on New Stock Index

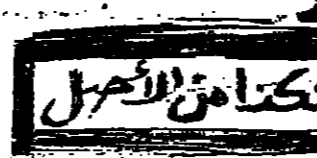
Trade has begun on futures and options on a new index of Spanish stocks — the Ibox-35. The index comprises the country's 35 biggest issues in terms of capitalization. Together they make up 90 percent of the value of the Spanish market and include such companies as Telefonos, Endesa, Repsol, Banco Central Hispanoamericano and Banco Bilbao Vizcaya.

The Barcelon daily La Vanguardia said trading totaled 1.6 billion pesetas, or roughly \$16 million, on the first day as 5,865 contracts changed hands. Estimates are that by year-end 30,000 futures and options contracts will trade each day, with an underlying value exceeding that of the equity market.

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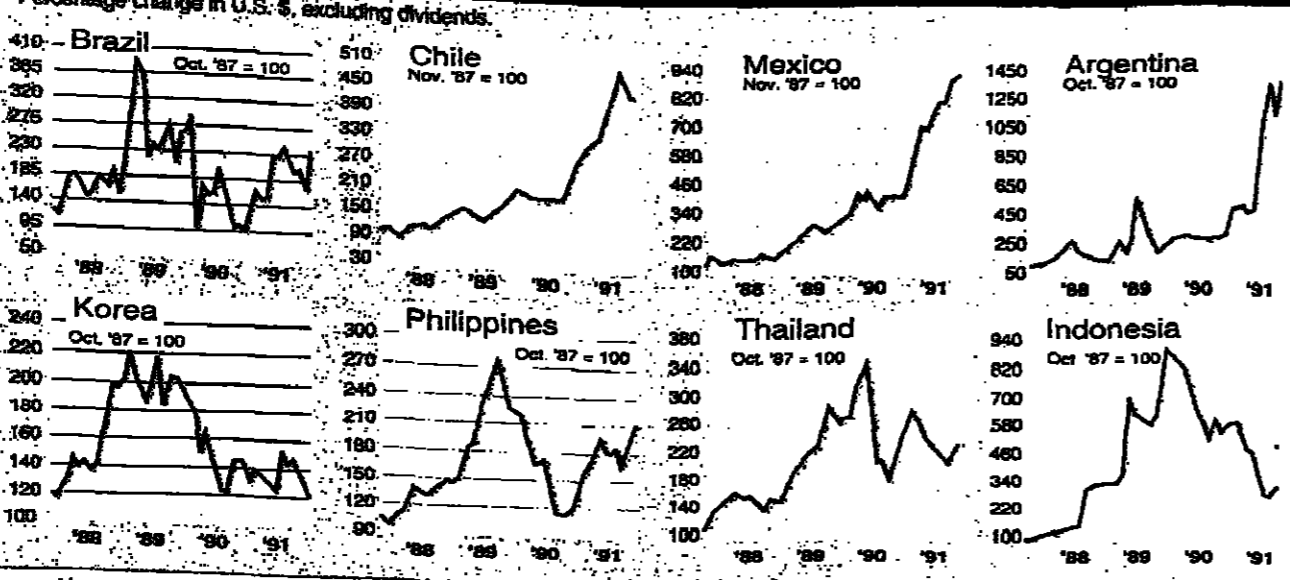
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NYSE Friday's Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Vis The Associated Press. (Continued)



THE MONEY REPORT

Developing Markets: Booming But Volatile



Source: Morgan Stanley Capital International

Pitfalls Lurk in Emerging Market Craze
Analysts Warn of a Lack of Accounting Standards and Reliable Information

By Rupert Bruce

YOUNG stock markets have become the El Dorado of today's financial world as investors scramble to buy a stake in the economies they hope will be the Japan or Taiwan of tomorrow.

But although the youth of these markets holds out the prospect of rich rewards to investors who choose wisely and buy early, their immaturity also creates numerous hazards. The more common problems include sloppy accounting, poor liquidity, slow and difficult settlement, insider dealing and a paucity of accurate and timely information.

Many of these problems have been overlooked by investors rushing for a piece of the action in the so-called emerging markets, and overshadowed by the spectacular performance of the markets themselves. Four of last year's five best-performing stock markets were Latin American while the other was the Philippines.

America often offer relatively cheap prices and tend to move independently from the ups and downs of the world's major markets.

This year, Phillipa Armitage, manager of the Fleming Emerging Markets Investment Trust, expects that although Latin America might continue to lead the pack, the emerging stock markets in booming Southeast Asia should not be too far behind.

But because many of these markets have yet to mature, investors may find they have few of the com-

forts they are used to. Information is often difficult to come by and, when it is obtained, inaccurate. Moreover, dealing can require some skill.

The most common problem in emerging markets is lax accounting. Although countries like Chile have more rigorous rules on disclosure of financial information than the United States, others like South Korea are very relaxed.

Anthony Newsome, managing director of Genesis Investment Management, explains that because Korean companies' accounts do not have to consolidate the results of their subsidiaries there is room for all sorts of financial trickery.

"Foreigners have always wanted to like Korea, because they have thought it is going to be the new

Japan," he said. "Because they have wanted it to be they have put up with standards of disclosure that would not have been tolerated in Japan in the 1960s and 1970s where consolidated accounting was not required."

The sheer distance between investment managers sitting in New York or London and the emerging markets themselves creates more problems. Analysts often complain that it is tricky getting up to date information about a company although the information coming out of local brokers is improving.

Even at government level accurate information is in short supply. Mrs. Armitage said: "You have to be able to adapt very quickly to changes in the economic environment. A lot of the developed countries tend to move like great ocean liners and take time to change course. In the emerging markets there is a much higher degree of change that you have to adapt to as an investor."

Institutional investors will press for better accounting, says Mr. Newsome of Genesis Investment.

"You can get pretty good numbers out of most people but forecasts are still pretty difficult to make."

Buying and selling stocks can also be difficult. It can take months to sell a stock that few people want. And once a deal is done there is a risk of settlement problems.

Being an outsider also can have disadvantages. Insider dealing and the ramping of share prices are rarely illegal in many emerging stock markets and are a way of life in some Southeast Asian markets. Foreigners can be the last to hear what is going on.

George Barthes de Ruyter, the senior partner of Arthur Andersen & Co.'s Paris office, recently left his post as chairman of the International Accounting Standards Committee after a two and a half year term. Much of his time was devoted to raising both the standard of accounting and disclosure of financial information worldwide.

He was unimpressed by the accounts of many listed companies in developing markets, but he thought many local investors did not rely on them. "They rely on many things like inside information and wild guesses," he said.

But Mr. Barthes de Ruyter believes that accounts are improving all the time under pressure from international investors, the World Bank and various international bodies.

The Montreal-based International Organization of Securities Commissions is at the forefront of trying to make developing stock markets friendlier places. It has the regulators of 36 emerging stock markets on its "development committee," which is trying to tackle some of the immediate problems.

It is trying to draw up a list of accounting disclosure requirements for international share issues, a blueprint for a settlement system and recommendations for improving the liquidity of stock markets by encouraging domestic investment. Although the organization has no power to impose these measures, most of the emerging stock markets' regulators are members.

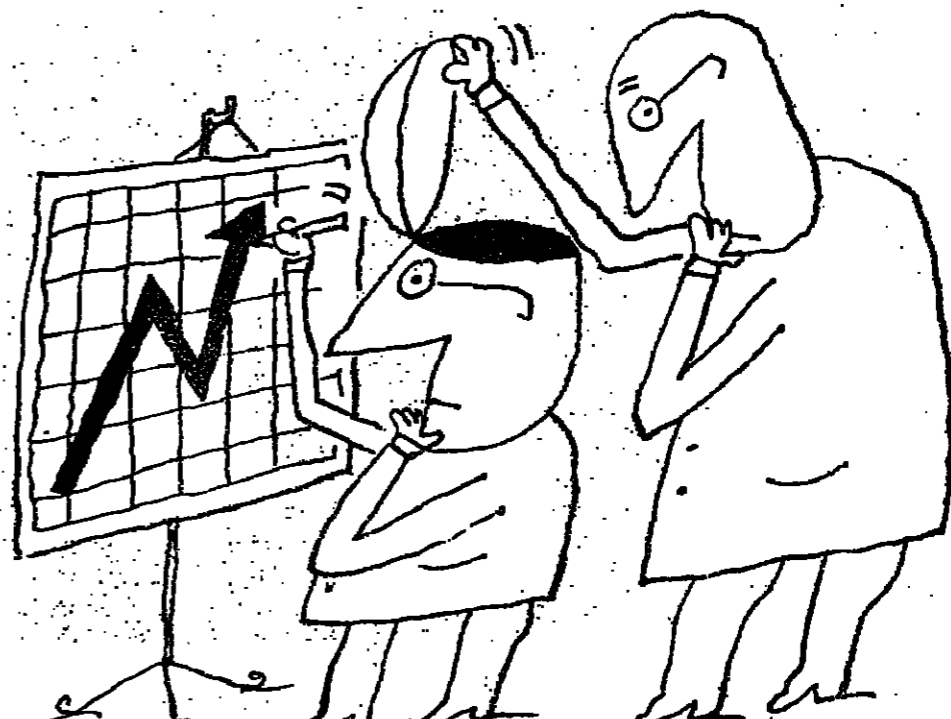
But the real pressure for change will come from the investors themselves. "It is an institutional investor who wants to know and have a degree of comfort that what a company publishes is the truth," Mr. Newsome said.

Psychology Is Reality in Today's Markets

By Philip Crawford

FINANCE and psychology are disciplines that appear antithetical in nature. One deals with cold, hard numbers, scarcely open to emotional interpretation, while the other is the science of mind and behavior. Making bedfellows of the two seems akin to placing a corporate balance sheet on a psychiatrist's couch.

Yet the term "market psychology" is not as oxymoronic as it appears. Insofar as individual investment decisions are made on the basis of where people feel things are headed in a corporation, a market or the overall economy, psychological forces are more important than quantitative data, or anything else for that matter, in forecasting market movements, professional strategists say.



Investing today, they add, is often little more than a game of guessing and double-guessing what others know and what others will do.

"Everyone's always trying to figure out what everyone else is thinking," said Madhav Dhar, global strategist for Morgan Stanley & Co. in New York. "It's become a study in itself, where the goal is outsmarting one another, saying things like, 'Well, if everyone else is bullish, I'll be bearish,' and vice-versa. It's a bizarre mind game going on that strategists have to try to get a handle on."

IN which investment arena does market psychology most come into play? Many point to the stock market, which can be a barometer, albeit a sometimes misleading one, of confidence in the economy, as well as a reflector of investor emotion.

"People invest for two reasons: fear and greed," said Robert A. Brusca, head of economic research for Nikko Securities Co. International in New York. "It's the fear of what they might miss if they don't invest and the greed to make the most money possible when they do. The current stock market rally is fueled more by the first — but this time, it's the fear of very low returns on other investment vehicles such as call deposits and money market funds."

But the recession's not over yet, and there's probably more bad news yet to come. This is a classic example of investor sentiment changing before the economic reality has changed."

Bond, currency and commodities markets also can fall prey to investor sentiment that doesn't necessarily coincide with actual fact. Two weeks ago, word surfaced

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The current U.S. stock rally 'is a classic example of investor sentiment changing before the economic reality has changed.'

Robert A. Brusca of Nikko Securities Co. International.

on Wall Street that some German officials feared their interest-rate increase in December — a move designed to cool inflation — had been a bit too aggressive. Speculation quickly arose that the Bundesbank might actually lower rates a bit to help stimulate the sagging German economy.

Just the perception that German interest rates could fall — although they never actually did — set off a whole chain of market events.

"Suddenly there was the feeling in the bond market that the Germans, who traditionally have been the most fervent inflation fighters, might actually throw in the towel and lower the rates," said Pierre Neury, technical analyst at First Boston Corp. "Since inflation is the

growth, and with growth comes inflation," he explained. "Gold is perhaps the best hedge against inflation, since, unlike currency, you can't print more of it."

Analysis trying to gauge investor sentiment toward the stock market look to various sources for input, such as industry newsletters, which can impart a sense of the prevalent bullishness or bearishness. Quantitative data also can play a role.

"I look at specialists' short sales as compared to total short sales, and put-call ratios as well," said Gail Dudack, a technical analyst at S. G. Warburg & Co. in New York. "I also compare Nasdaq volume to New York Stock Exchange volume, since companies listed over-the-counter tend to be smaller and a bit

riskier. If there's greater volume on the Nasdaq, I take it as a sign that people are willing to speculate a little more, and are thus a bit more confident in the economy."

Investment professionals tend to play down the effect of economic and political pundits on investor sentiment. An authoritarian voice proclaiming that everything will be rosy, doesn't normally convince sophisticated investors that they will actually be the case, analysts say.

TAKE this recession," said Mr. Brusca. "Most economists said it would be short and shallow, and there were lots of newspaper stories to that effect. Alan Greenspan also told us the recession would be short," he said, referring to the Federal Reserve chairman. "All of them were dead wrong. If there were a credible voice of authority, perhaps it would influence investor sentiment, but as of now, I see no candidates for that position."

Mr. Neury, citing the recent fallout over German interest rates, as well as past market reactions, said the volatility of investor sentiment is what lends it much of its power.

"The thing to remember is that the markets operate on perception and future developments. Just a hint, a snuff, a nudge of something which only may happen is enough to create a landslide of reactions which actually do happen."

A Pension Plan for the Internationally Mobile

EXPATRIATE employees often seem to forget about one of the essential components of their pay — their pension contributions. Working abroad can bring all manner of benefits, but a pension — which is no more than deferred pay — can often be neglected in the package of benefits offered employees.

There are good reasons for this. Although the employer may recognize that a pension scheme should be offered, it is often difficult to provide a worthwhile, tax-efficient scheme because of widely differing ways of administering and regulating pension funds, and the often complex series of local restrictions applicable under the investment laws of various countries.

The result for many expatriates,

especially those who move from one foreign country to another, has frequently been inadequate pension cover spread across several countries and currencies.

The Guernsey-based insurer Providence Capital International has just launched a pension product it claims will help solve this problem. The International Corporate Pension Scheme is an offshore plan independent of local law and taxation.

The plan is aimed at companies who frequently move their employees across international borders. The employer's and employees' contributions are invested in two separate accounts. Although employees will retain rights to pension benefits whenever they leave the company, they will only benefit from the employer's contribution

to the plan after a specified period of time has elapsed.

"Company pension provision for the internationally mobile has previously been extremely difficult to arrange, and can only have discouraged employers from offering such schemes," said Peter Hamp-Adams of Providence Capital International.

"This scheme is straightforward, flexible and provides a one-stop service, from investment service."

Mr. Hamp-Adams also claimed that the pension trust could be established at a far lower cost than usual for pension schemes.

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In order to provide delegates with an up-to-the minute outlook, the final program will incorporate a number of additional speakers.

Simultaneous English/French/English translation will be available throughout the conference.

REGISTRATION INFORMATION: The fee for the conference is £395.00. This includes lunches, a cocktail reception and all conference documentation. Please note that fees are payable in advance and will be refunded less a £50.00 cancellation charge for any cancellation received in writing on or before March 20, after which time we regret there can be no refund. Substitutions can be made at any time. A special rate of £495.00 is available to ICC members.

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Herald Tribune

SPORTS

Near End of Countdown, Super Bowl Defenses on Defensive

Redskins Remain Calm Before the No-Huddle Storm

By Richard Justice
Washington Post Service
MINNEAPOLIS — Andre Collins doesn't know what it will feel like once the Super Bowl starts. He doesn't know how fast the Buffalo Bills will come to the line of scrimmage or how much time the Washington Redskins have to change defensive coverages, make substitutions or catch their breaths against a no-huddle offense.

Edgy Bills Still Appear Distracted by 'No-Respect' Factor

By Timothy W. Smith
New York Times Service
MINNEAPOLIS — Bruce Smith is angry that the Washington Redskins don't respect the Buffalo Bills' defense. Thurman Thomas, the consensus selection for most valuable player this season, doesn't believe he gets enough respect or recognition and has resigned himself that he "will have to live with the title of best all-around back."

The Super Bowl on TV

The Super Bowl will be broadcast live or delayed on television or radio on Jan. 26 (Jan. 27 in Asia) in the following countries. Kickoff is 2:18 GMT Sunday. Check local listings for details.

- AUSTRIA: UFA Premiere
BELGIUM: Canal Plus
BRITAIN: Sky Sports/Channel 4
CZECHOSLOVAKIA: CST Prague (Delayed)
FINLAND: TV3
FRANCE: Canal Plus
GERMANY: Premiere/Galaxy Frankfurt/Hamburg Silver Eagles
HUNGARY: MTV
ITALY: Telepiu 2
LUXEMBOURG: Canal Plus
POLAND: TVP (Delayed)
SCANDINAVIA: Scansat
SPAIN: TV3
SWITZERLAND: UFA Premiere

1,500 Sportswriters Couldn't Be Wrong: It's a New Story

By Joel Achenbach
Washington Post Service
WASHINGTON — This is about sports and this is about men. It is about men who write about sports and it is about the men who play the sports and wish they could crush the skulls of the men who write about sports. It is about long sentences that have no commas and evoke a time when heroes covered with mud and grime did battle on fields of glory for no reward but pride. Also, short sentences.

It means teasing a lone stray hair into an entire bouffant. Like there was that time quarterback Jim McMahon supposedly said the women of New Orleans were sluts. "This became the big story of the week: the sluts," remembers Gordon Forbes, who covers pro football for USA Today.

and maybe meaner. He's not a sports guy who just happens to be a journalist, he's a journalist who just happens to cover sports. He refuses to root shamelessly in print for the home squad. If anything, his job is the most contentious and confrontational in the world of journalism: He has to write unflinchingly about the pratfalls and scandals of gigantic athletes. Pitcher Willie Hernandez once

ran for 19 yards, slaloming through the secondary like a skier through virgin powder. You also have to get quotes after the game. That's new, relatively speaking. Bob Oates, who has been covering sports for the Los Angeles Times for 33 years says the locker room to talk to the athletes. "They almost never have anything to say," Oates says. "They seldom know what happened."

There's an argument that the primacy of television has robbed sportswriting of its importance, not to mention a number of star writers, and moreover, that athletes are so egomaniacal that they've all but stopped giving interviews to print reporters. That's true, but, paradoxically, as sportswriting has become more difficult it has also gotten better. The challenge has been met: it's the only way for a sports section to stay in business.

BOOKS

SHAKESPEARE'S LIVES: New Edition

By Samuel Schoenbaum. 612 pages. \$35. Oxford University Press Inc., 200 Madison Avenue, New York, N.Y. 10016.

Reviewed by Martin Gardner

THERE is no English writer about whom critics long to know more than William Shakespeare. Yet after three centuries of searching, and thousands of books, the established facts are thin enough to be compressed to a few sentences. Shakespeare was born in 1564, married Anne Hathaway, had two daughters and one son who died at age 11. He began his career as an actor, wrote popular plays and sonnets of imperishable beauty, and died in 1616. Contemporaries found him witty, gentle and modest.

Now revised and updated, it is a marvelous, objective history of the legends that, in the author's words, "surround like a nimbus the blurred outlines of the Bard." It is all here, from the first full-scale biography by Nicholas Rowe in 1709, through myriads of later books and papers to the most recent. The search for the real Shakespeare has become a vast ongoing industry rivaling even the search for the historical Jesus.

in those days had about as much fame as today's writers of movie scripts) that has generated what Schoenbaum calls the "lunatic rubbish" of the cranks. Ohio-born Delia Bacon began it all in 1857 with the first major work (675 pages) proving that the Bard was an uneducated "booby" whose plays had been written by Francis Bacon. She died, age 48, in a mental hospital, believing she was descended from Francis Bacon. Mark Twain was one of her converts.

BRIDGE

By Alan Truscott

THE diagramed deal helped Alvin Roth and Tobias Stone to their first triumph in the National Open Pair Championship in Syracuse, New York half a century ago. Roth is still creative, as his latest book shows. It is "Picture Bidding," available in hard-cover for \$24.95 (U.S. postage included) from "Bridge Today," 18 Village View Bluff, Ballston Lake, New York 12019. Roth builds on his original philosophy, and offers many ways to make sensible use of bids that have little value in standard methods. These can be used by any player whether or not the total package is adopted.

Diagram of a bridge deal with North and South hands and a bidding sequence: North: N 4 5 1, S 2, N 3, S 4, N 5. South: S 4, N 3, S 2, N 1, S 2, N 3, S 4, N 5.

PEANUTS

Comic strip panel: I CAN'T BELIEVE IT! IT'S MORNING, AND I'M STILL ALIVE!

Comic strip panel: MY STOMACHACHE IS GONE AND MY EARS DON'T HURT...

Comic strip panel: IT'S DAYTIME AND ALL MY TROUBLES ARE OVER...

Comic strip panel: SO...WHO ARE WE ROOTING FOR?

BEEBLE BAILEY

Comic strip panel: THERE'S THE FIRST PITCH!

Comic strip panel: HEY! THE GAME HAS STARTED!

Comic strip panel: SO...WHO ARE WE ROOTING FOR?

Comic strip panel: SO...WHO ARE WE ROOTING FOR?

CALVIN AND HOBBES

Comic strip panel: GALOSH GALOSH GALOSH

Comic strip panel: GALOSH GALOSH GALOSH

Comic strip panel: GALOSH GALOSH GALOSH

Comic strip panel: GALOSH GALOSH GALOSH

WIZARD OF ID

Comic strip panel: WHAT DID THE PITCHER SAY?

Comic strip panel: HE SAID IF I'D CLEAN UP MY ACT I WOULD FEEL 15 YEARS YOUNGER

Comic strip panel: WELL?

Comic strip panel: I TOLD HIM I WAS OUT OF SHAPE THEN, TOO

REX MORGAN

Comic strip panel: ALMIGHTY SURE HAS ENOUGH SAVINGS ACCOUNTS...

Comic strip panel: I AM HER NIECE

Comic strip panel: I AM HER NIECE

Comic strip panel: I AM HER NIECE

GARFIELD

Comic strip panel: DID YOU KNOW THAT PETS ARE GOOD FOR EXERCISE?

Comic strip panel: DID YOU KNOW THAT PETS ARE GOOD FOR EXERCISE?

Comic strip panel: DID YOU KNOW THAT PETS ARE GOOD FOR EXERCISE?

Comic strip panel: DID YOU KNOW THAT PETS ARE GOOD FOR EXERCISE?

DOONESBURY

Comic strip panel: I DON'T SUPPOSE YOU'LL BE GOING TO THE TOP CHILD CARE?

Comic strip panel: HA! HA! HA! HA! HA!

Comic strip panel: HA! HA! HA! HA! HA!

DENNIS THE MENACE

Comic strip panel: THAT'S THE THIRD TIME I'VE TOLD YOU TO PICK UP YOUR THINGS!

Comic strip panel: ONE GOD, BUT THIS AN ANGEL...

Comic strip panel: CRASH BOOM

JUMBLE

Word game grid with letters: USCOT, TACCH, LEHTAH, DIPTUN

BLONDIE

Comic strip panel: HE'S BEEN ON A DIET FOR WEEKS AND ALL HE'S TAKEN OFF IS THIS.

ONE TIME

Comic strip panel: ONE TIME I WAS OVER THE WALL...

NO, EVER GOOD

Comic strip panel: NO, EVER GOOD I NEEDED TO GO TO THE RESTROOMS

SPORTS

For New Zealand and Italy, America's Cup Trials Are a Test of Design Strategy

By Angus Phillips
Washington Post Service
SAN DIEGO — One beauty of the America's Cup is that the rules allow competing boats to be very different.

former U.S. world Starboat champion Paul Cayard.
Otherwise, one could not find more varied solutions to the same problem.

out if the light breezes and big sea swells in the Pacific off San Diego favor a heavy, powerful boat that can plow through waves or a lightly powered skimmer that can go over them.

on your skills and the strength of your design and sailing program to win.
"If you were on the edge," he added, "without much money, you might want to try something different — go out and bang a corner. But that's the road they chose. Either there's something we all

San Diego dictate big, powerful boats to blast through the ocean chop. So what is New Zealand up to?
"We have learned that you don't win the America's Cup without taking risks," said New Zealand's designer, Bruce Farr, the most successful racing yacht designer in the world over the last decade.

Farr is in charge. "This is Farr's project, or his and Russell Bowler's," said New Zealand's general manager, Peter Blake, referring to Farr's partner.
"Farr and Bowler helped set up the way the whole thing should run," he said. "They set the parameters for our daily testing, told us what they needed to know and they've been vociferous about getting it."

match, certain questions can only be answered once the contestants get in the ring.
Sometime next week, when New Zealand squares off against Italy, the sailing world will start to learn who has the job and who has the knockout punch.

The fact the two camps came up with opposite answers speaks volumes about the uncertainties of America's Cup racing.

missed in the rule or we're going to find some weakness in their boat."
By Cayard's count, 27 boats have been built in the quest for the Cup, including five in his own campaign. Of those, only a half-dozen are on the small, light side, including one built by the Italians just to cover that option.

Vincent Hurls a Curve on Bid

Owners Unlikely to Back Offer for Mariners, He Says

By Timothy Egan
New York Times Service
SEATTLE — The bid by a Japanese-led group to buy the Seattle Mariners for \$100 million, unveiled with a flourish of optimism and backed by the Northwest's most powerful political and business leaders, has drawn a terse and negative response from Fay Vincent, the commissioner of baseball.

healthy segment of the local economy in the Pacific Northwest.
[Major league baseball's ownership committee, made up of eight team owners and the presidents of the American and National leagues, was to discuss the offer Friday by conference call. The Associated Press reported.

league baseball's exemption from antitrust laws, they were allowed the Mariners to pull out of Seattle.
Gorton, who initiated the deal when he approached the owners of the video-game maker Nintendo Co. in December, said it was hypocritical for baseball to allow Canadian owners but not Japanese owners.

Stefan Edberg fended off two set points, then cruised to victory.
The Associated Press
MELBOURNE — Stefan Edberg gave a lesson Friday in playing under pressure to an opponent who finally fell prey to center-court stress.

Edberg, the top seed and two-time champion, advanced to Sunday's final of the Australian Open by beating Wayne Ferreira 7-6 (7-2), 6-2, 6-2 after the unseeded South African squandered two set points and wilted.

Edberg now will face second-seeded Jim Courier, who may have forgotten what pressure feels like.
After three consecutive straight-set victories in which he yielded only seven games each time, Courier didn't even have to take the court in the semifinals when unseeded Richard Krajicek defaulted with a shoulder injury.

Courier, who last played on Wednesday in the quarterfinals, hoped to offset the lapse by practicing hard Friday, ironically against Krajicek's doubles partner, Jan Siemerink.

SIDELINES

College Football Bowl Alliance Is Set

MIAMI (AP) — The final lineup for a college football bowl alliance, bringing together the Orange, Sugar, Cotton and Fiesta Bowls with eight of the top conferences, has been set, making a first step toward a possible national championship game.

Weather Freezes Out British Soccer

LONDON (AP) — The fourth round Football Association cup game between Bristol Rovers and Liverpool was one of ten Saturday's scheduled English soccer games called off Friday because of frozen fields.

Crash Kills Notre Dame Swimmers

SOUTH BEND, Indiana (AP) — A bus carrying the Notre Dame women's swim team crashed early Friday just miles from campus in a blinding snowstorm. Two members of the team were killed and 34 people were injured.

For the Record

Quarterback Rick Mirer said Friday that he would return to Notre Dame for his senior season. He had been considering giving up his final year of eligibility to enter the NFL draft.

Australian Panel Rejects Boycott

SYDNEY — The Australian Olympic Committee on Friday rejected a proposal that Australia's basketball players boycott games with the U.S. team in Barcelona if it includes Magic Johnson.

acquiring the HIV virus has "no relevance in the basketball setting," and that Australia would come off as an "uneducated backwater" if Johnson's presence is boycotted.

Florida State, King of the Road, Upsets No. 18 Georgia Tech

Florida State: the road warriors. Everybody knows that.
But wait a minute. This isn't football.
As surely as Bobby Bowden built the Seminoles into one of the nation's preeminent football powers with upset victories on the road — in the years when the big boys would not come to Tallahassee — the basketball coach, Pat Kennedy, is making his bones in the same fashion during his team's first season in the tough Atlantic Coast Conference.

ranked North Carolina on Dec. 15 in Chapel Hill. These came victories over then-No. 19 Wake Forest and Maryland.
The Seminoles, 4-2 in the ACC and a road loser only to top-ranked Duke, were 10-point underdogs against the Yellow Jackets.

No. 20 Louisville 88, S. Mississippi 74; In Louisville, Kentucky, Dwayne Morton and Everick Sullivan scored 20 points each and led a run that helped the Cardinals to their 1,200th victory.
No. 23 Texas-El Paso 77, San Diego State 54; In San Diego, Marlon Maxey came off the bench to score 24 points — including four dunks — leading the Miners (15-1, 5-0) over the hapless Aztecs (2-14, 0-4) for their 11th straight victory.

SCOREBOARD

BASKETBALL

NBA Standings

Table with columns for Eastern Conference, Western Conference, and Thursday's Results. Includes team names, wins/losses, and percentages.

Major College Scores

Table listing scores for various college sports including Football, Basketball, and Soccer.

HOCKEY

NHL Standings

Table showing NHL Standings for various teams, including wins, losses, and points.

BASEBALL

Australian Open

Table listing Australian Open tennis results, including player names and scores.

BASEBALL

Baseball

Table listing baseball news, including player movements and team updates.

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DAVE BARRY

Nice Guy Landlords

Miami - If you were to make a list of the most unpopular professions, you'd have to include landlord, which generally ranks, in public-opinion polls, down with attorney, journalist and salmonella. I myself have had some unpleasant experiences with landlords, most notably back in the early 1970s when I shared an apartment with Randall Shantz. One Saturday night we hosted a party (theme: "Many People in a Small, Loud Room") that was a major social success as measured by the number of National Guard units ultimately involved. Mankind can be certain that there are no other advanced life forms in the universe, because if there were they would have complained about this party. Everybody else did.

thereby leaving them with no viable option but to buy 17 cases of beer. At one point I took one of our tenants, Julius, to the bank and helped him open a checking account. Unfortunately, he didn't grasp the concept: He thought that all he had to do was correctly fill out the blank spaces on the checks, and the bank would provide money in infinite quantities. Julius thought this was a swell system. He couldn't believe it took him so long to find out about it. He's probably in Congress today.

Haute Couture: Scissors Are Sharpened

By Suzy Menkes International Herald Tribune

PARIS — The cutthroat competition among cut-price stores has moved up-market to haute couture. The mood is ugly rather than elegant as the French high fashion shows open here Saturday, with houses fighting for clients and for position in a bear market for luxury goods. The let's-pull-together spirit that characterized couture a year ago when the shows ran during the Gulf War, has disintegrated, and although business has picked up, designers know that they are no longer on a roll.



Evening glamour in London show by Marc Bohan for Hartnell.

Any clients he would get for those clothes would be at Les Bains Douches [a Paris nightclub]. Most of these names on the calendar are nobodies or has-beens. Yves Saint Laurent's group consolidated sales for 1990 were three billion francs (about \$550 million); its Rive Gauche ready-to-wear line, according to its director, Maurice Cau, did 350 million francs (about \$65 million) to \$32 million for Valentino's Oliver line and \$192 million in all Valentino's ready-to-wear lines. By contrast, Saint Laurent perfumes had sales of 2.4 billion francs (\$445 million) to Valentino's \$10 million sales in 1991, although there is currently a major sales push with Valentino's appropriately named new fragrance Vendetta.

dress last year) is one of the reasons for Valentino's switch of dates. At the same time, a couture show should attract the clients; otherwise, you have the situation as at Lanvin, where Claude Montana's success d'estime is reflected neither in clients wearing clothes nor in ready-to-wear sales. Many houses now loan outfits to celebrities, but this denial of the point of haute couture — that it is made to measure to fit one client — is thought to be tarnishing couture's spirit. The alternative is to offer "special prices" to certain clients or, as is now suggested, to bring prices down overall by 20 to 30 percent.

PEOPLE

Bergman Back in Film. Big Only as Co-Writer

Ingram Bergman said a long time ago that he was retiring from film making. And he has kept his word. Devotees of the 73-year-old actor have an opportunity to see him on another excursion into the profound mysteries of life and love when "Best Intentions" is released in May. The film represents a collaboration between Bergman and Bille August, the Dani director of "Pelle the Conqueror" which captured an Academy Award for best foreign film in 1988. "Best Intentions" tells the story of Bergman's parents over a decade beginning in 1903. Said August, who had never met Bergman before they spent two months together working on the script: "It is a story of so many different levels of love: a man and a woman in love; parents and children, and the love of God, maybe the most important love, unconditional love and love as a miracle, the way out of mankind's separation and loneliness."



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